

MADRAS CEMENTS LIMITED

Regd off: Ramamandiram, Rajapalayam - 626 117, Tamil Nadu
 E-Mail: ksn@madrasceiments.co.in
 Web site: NA
 Telephone: (044) 2847 8666 Fax: (044) 2847 8676
 Tr agent: In-house

CEMENT

MISCELLANEOUS

Chairman: P. R. Ramasubrahmaneya Rajha

SEC: K. Selvanayagam

AUD: M. S. Jagannathan

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1957	500260	MC.IN	10	3,081.5	-4.4	96.9	47.1	25.8	0.5	37,214.7	3.0	INE331A01029

SHAREHOLDING

		FX Transaction (FY06)	
Indian Promoters	: 42.1%	Exports (fob)	Rs m 682
Foreign collaborators	: 0.0%	Imports (cif)	Rs m 92
Indian inst/Mut Fund	: 26.6%	Fx inflow	Rs m 682
FII's/GDR	: 1.6%	Fx outflow	Rs m 934
Free float	: 29.7%	Net fx	Rs m -252
Shareholders	: 9,602		

No. of months	12	12	12
Year ending	31/03/04	31/03/05	31/03/06

EQUITY SHARE DATA

High	Rs	980	1,170	2,245
Low	Rs	636	596	932
Sales per share	Rs	566.9	622.9	834.1
Earnings per share	Rs	27.6	46.3	65.4
Cash flow per share	Rs	80.1	100.2	120.0
Dividends per share	Rs	7.50	10.00	15.00
Dividend yield (eoy)	%	0.9	1.1	0.9
Book value per share	Rs	236.8	273.6	322.8
Shares outstanding (eoy)	m	12.08	12.08	12.08
Bonus/Rights/Conversions	FV:10	-	-	-
Price / Sales ratio	x	1.4	1.4	1.9
Avg P/E ratio	x	29.2	19.1	24.3
P/CF ratio (eoy)	x	10.1	8.9	13.3
Price / Book Value ratio	x	3.4	3.2	4.9
Dividend payout	%	27.1	21.6	22.9
Avg Mkt Cap	Rs m	9,761	10,667	19,184
No. of employees	'000	2	2	2
Total wages/salary	Rs m	369	405	462
Avg. sales/employee	Rs Th	4,103.1	4,582.8	5,976.3
Avg. wages/employee	Rs Th	221.1	246.7	274.0
Avg. net profit/employee	Rs Th	200.1	340.4	468.6

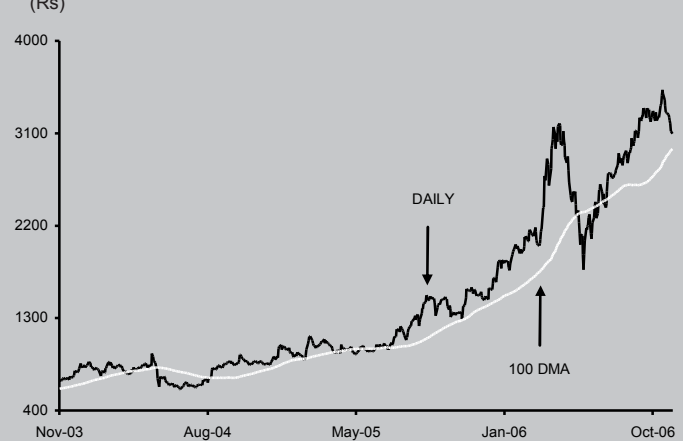
INCOME DATA

Net Sales	Rs m	6,848	7,525	10,076
Other income	Rs m	52	51	49
Total revenues	Rs m	6,900	7,576	10,125
Gross profit	Rs m	1,619	1,553	2,107
Depreciation	Rs m	633	633	652
Interest	Rs m	496	359	344
Profit before tax	Rs m	542	612	1,160
Minority Interest	Rs m	0	0	0
Prior Period Items	Rs m	0	0	0
Extraordinary Inc (Exp)	Rs m	-1	-18	-7
Tax	Rs m	207	35	363
Profit after tax	Rs m	334	559	790
Gross profit margin	%	23.6	20.6	20.9
Effective tax rate	%	38.2	5.7	31.3
Net profit margin	%	4.9	7.4	7.8

BALANCE SHEET DATA

Current assets	Rs m	2,442	3,150	3,271
Current liabilities	Rs m	1,477	1,656	2,287
Net working cap to sales	%	14.1	19.9	9.8
Current ratio	x	1.7	1.9	1.4
Inventory Turnover	Days	28	64	37
Debtors Turnover	Days	23	22	18
Net fixed assets	Rs m	9,331	9,848	10,012
Share capital	Rs m	121	121	121
"Free" reserves	Rs m	2,464	2,906	3,507
Net worth	Rs m	2,861	3,305	3,900
Long term debt	Rs m	3,556	3,528	3,793
Total assets	Rs m	12,442	13,794	14,169
Interest coverage	x	2.1	2.7	4.4
Debt to equity ratio	x	1.2	1.1	1.0
Sales to assets ratio	x	0.6	0.5	0.7
Return on assets	%	2.7	4.1	5.6
Return on equity	%	11.7	16.9	20.3
Return on capital	%	12.9	13.4	14.7
Exports to sales	%	2.3	3.4	6.8
Imports to sales	%	0.7	2.0	0.9

ADJUSTED DAILY SHARE PRICE DATA



No. of months	12	12	12
Year ending	31/03/04	31/03/05	31/03/06

CASH FLOW

From Operations	Rs m	1,898	904	2,393
From Investments	Rs m	-203	-1,252	-913
From Financial Activity	Rs m	-1,520	258	-1,422
Net Cashflow	Rs m	174	-90	59

INTERIM RESULTS

		3QFY06	4QFY06	1QFY07	2QFY07
Net sales	Rs m	2,427	2,998	3,409	4,073
Gross profit	Rs m	416	665	1,364	1,583
Gross profit margin	%	17.1	22.2	40.0	38.9
Net profit	Rs m	96	325	789	900
Net profit margin	%	4.0	10.8	23.1	22.1

KEY DATA

Parameters	Unit	FY04	FY05	FY06
Cement capacity	MTPA	6.0	6.0	6.0
Capacity utilisation	%	61.6	63.5	76.2
Realisation per tonne	Rs m	1,773	1,856	2,099
Cost per tonne	Rs m	1,038	1,147	1,342
Market share (capacity)	%	4.1	3.9	3.8

NOTES

Madras Cements, with a total capacity of nearly 6 MT (million tonnes) controls almost 14% of the total cement capacity in the southern region. The company has not looked beyond the southern markets to diversify geographically, which is a useful strategy for a commodity business like cement.

During FY06, with the waning demand supply gap in the southern region, the company reported robust performance. The topline grew by almost 39% YoY on account of increase in capacity utilisation, higher exports and better realisations due to buoyant demand. The same was reflected at the operating level, as EBITDA registered a growth of 35% YoY. Optimum utilisation of road and rail transport and logistics planning helped the company control transportation costs. Further, to solve the problem of rising diesel prices, the company installed windmills and resorted to use of captive power plants.

It must be noted that the supply of cement has been outpacing demand in the southern region. However, with no significant new capacity coming up in this region in the medium term, and consumption having shown an improving trend, the demand-supply gap is balancing out. To cater to the increasing demand, the company has planned to increase its capacity to 10 MTPA by 2010. While this is a positive for the long-term, in the medium-term, this is expected to pressurise the company's net margins, as interest and depreciation costs will increase. The company also needs to diversify operations across regions to de-risk revenues.