



THE INDIA CEMENTS LIMITED

Registered Office: "Dhun Building", 827, Anna Salai, Chennai 600 002.

Corporate Office: Coromandel Towers, 93, Santhome High Road,
Karpagam Avenue, R.A.Puram, Chennai 600028.

Website: www.indiacements.co.in email : investor@indiacements.co.in

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

To

The Member(s)

Sub: Passing of resolutions by Postal Ballot

NOTICE is hereby given pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 (including any amendment thereof for the time being in force), that the Company is seeking the consent of its Members for transacting the following Special Businesses proposed to be approved by passing Ordinary / Special Resolutions by way of postal ballot.

1. Payment of remuneration to Mr.N.Srinivasan, Managing Director, in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

To consider and if thought fit, to pass the following resolutions as SPECIAL RESOLUTIONS:

"RESOLVED THAT subject to the approval of Government of India and other approvals as may be required, the Company hereby accords its approval for payment of the following remuneration to Mr.N.Srinivasan, Managing Director, for the financial year 2010-11, notwithstanding that the same would be in excess of the relevant ceiling laid down under Section 309 and any other applicable provisions of the Companies Act, 1956:

(Rs. in lakhs)

Salary	Perquisites and allowances	Commission	Others including retinals	Total
360.00	108.00	315.00	116.17	899.17

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modifications of remuneration, as may be approved by the Government of India and any other authorities and agreed to by Mr.N.Srinivasan."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps as may be required to give effect to the above resolutions."

2. Payment of remuneration to the two executive directors viz. Mr.N.Srinivasan, Managing Director and Ms.Rupa Gurunath, Wholetime Director, put together in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

To consider and if thought fit, to pass the following resolutions as SPECIAL RESOLUTIONS:

"RESOLVED THAT subject to the approval of Government of India and other approvals as may be required, the Company hereby accords its approval for payment of the following remuneration to the two executive directors viz., Mr.N.Srinivasan, Managing Director and Ms.Rupa Gurunath, Wholetime Director, for the financial year 2010-11, notwithstanding that the total remuneration to the two directors put together would be in excess of the relevant ceiling laid down under Section 309 and any other applicable provisions of the Companies Act, 1956:

(Rs. in lakhs)

Name	Salary	Perquisites and allowances	Commission	Others including retinals	Total
Mr.N.Srinivasan, Managing Director	360.00	108.00	315.00	116.17	899.17
Ms.Rupa Gurunath, Wholetime Director	120.00	36.00	129.00	37.40	322.40
Total	480.00	144.00	444.00	153.57	1221.57

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modifications of remuneration, as may be approved by the Government of India and any other authorities and agreed to by the aforesaid directors."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps as may be required to give effect to the above resolutions."

3. Alteration of Objects Clause of the Memorandum of Association of the Company:

To consider and if thought fit, to pass the following resolutions as SPECIAL RESOLUTIONS:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such consents, approvals, permissions and sanctions from the appropriate authorities, if any, consent of the Company be and is hereby accorded for alteration of Clause III - Objects Clause of the Memorandum of Association of the Company in the following manner:

(a) The existing sub-clause 18 (a) to (aa) be renumbered as sub-clause 23 (a) to (aa); and

(b) The following new sub-clause be inserted as sub-clause 18 after sub-clause 17:

18. "To carry on in India or elsewhere, the business to explore, search, survey, examine, locate, acquire, own, undertake, promote, convert, lay, level, develop, design, improve, establish, construct, build, decorate, furnish, erect, install, assemble, equip, fabricate, maintain, repair, run, test, inspect, operate, protect, distribute, supply or otherwise deal, provide, participate, relocate, modify, dismantle, pull down, reconstruct, grind, grout, dig, mine, excavate, drill, pour, renovate, modernize, remodel, build, demolish, rebuild, finish and manage all types of construction and development works / activities in all its branches including roads, highways, expressways, subways, bypasses, flyovers, harbours, pier, docks, jetties, ports, dams, bridges, culverts, water tanks, reservoirs, canals, irrigation works, water treatment plants, aqueducts, desalination plants, distribution and filtration systems, drainage and sewerage works, sanitary works, wharfs, warehouses, hubs, factories, buildings, structures, foundation works, Inland Container Depots (ICD) and Central Freight Stations (CFS), airports, runways, tramways, rail, metro / mono rail / tram / bus system, rail/tram/bus terminals and stations, mass rapid transit system, light rail transit system, gas, thermal, hydro, nuclear, solar, wind power, tidal power stations and power generation through non-conventional / renewable energy sources including construction, generation, operation and maintenance, renovation and modernization of power stations and all types of power projects, power supply works, other hydro projects, rock drilling, drilling oil wells both onshore and offshore, laying of undersea, underground, overhead and overland cables and pipelines, hydraulic units, special economic zones, free trade zones, export promotion parks, software technology parks, information technology parks, electronic hardware parks, bio-technology parks, logistics parks, other industrial parks and projects and integrated business cities, stadiums, hotels, motels, resorts, food courts, shopping malls, multiplexes, theatres, service apartments, hospitals, office / housing complexes, cini complexes, educational institutions, places of worship, dharmashalas, condominiums, colonies, housing projects, real estate and property development, landscaping and/or similar works/activities under ownership, build, operate, lease, rent, finance and subsequently transfer, assign, mortgage, pledge, lien of the above facilities including Build Operate and Transfer (BOT), Build Own Operate and Transfer (BOOT), Build Own Lease and Transfer (BOLT) basis and collection of toll and also as promoter, contractor, sub-contractor, developer, operator, turnkey contractor, investor, coordinator and manager; and for the aforesaid purposes, acquire, purchase, own, develop, produce, provide, participate, import, export, cut to size, handover, market, sell, supply, trade, transport, transmit, distribute or otherwise to deal in all sorts of land, buildings, building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded, for the commencement and execution of all or any of the businesses as specified in the sub-clause 18 of Clause III - Objects Clause of the Memorandum of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed expedient and necessary to give effect to the above resolutions."

4. Creation of security in favour of Banks for working capital facilities:

To consider and if thought fit, to pass the following resolutions as ORDINARY RESOLUTIONS :

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company and/or conferring power to enter upon and take possession of the assets of the Company, in certain events by way of second pari passu mortgage and charge ranking subsequent to the charge or charges created and/or to be created in favour of the term lenders and/or debenture trustees on the immovable and movable properties (other than current assets) both present and future pertaining to the cement division of the Company in favour of the following banks for their revised working capital facility as detailed below:

(Rupees in lakhs)

Sl. No.	Name of the Bank	Fund Based	Non-fund Based
i)	ICICI Bank Limited	12260	23935
ii)	Punjab National Bank	6000	3228
iii)	State Bank of India	1451	1218
iv)	HDFC Bank Limited	6000	4000
v)	Indian Bank	3395	2548
vi)	State Bank of Mysore	620	900
vii)	Vijaya Bank	740	400
viii)	State Bank of Patiala	1625	600
ix)	Banque Nationale de Paris	2570	1930
x)	The South Indian Bank Limited	950	—
xi)	IDBI Bank Limited	10000	12500
xii)	State Bank of Hyderabad	4000	1075
xiii)	Bank of India	480	130
xiv)	Yes Bank Limited	5000	—
	TOTAL	55091	52464

together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses and other monies payable by the Company to the aforesaid banks in terms of their heads of agreements / loan agreements / hypothecation agreements / subscription agreements / letters of sanction / Working Capital Consortium Agreement / memorandum of terms and conditions entered into / to be entered into by the Company in respect of the said facility."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the said banks the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

(By order of the Board)
for THE INDIA CEMENTS LIMITED

Place : Chennai
Date : 04.07.2011

G. BALAKRISHNAN
President & Company Secretary

Notes:

1. The relative Explanatory Statement pursuant to Sections 173 and 192A of the Companies Act, 1956, setting out the material facts is annexed hereto.
2. Ms.P.R.Sudha, a Practicing Company Secretary, has been appointed as "Scrutinizer" for conducting the voting through postal ballot, in a fair and transparent manner and to receive and scrutinize the completed Ballot Papers from the Shareholders. Postal Ballot Form and self-addressed postage prepaid envelope are enclosed.
3. You are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed in all respects and signed in the attached self-addressed postage prepaid envelope so as to reach the Scrutinizer not later than the close of working hours i.e. 5.00 P.M. on Wednesday, the 17th August 2011. Please note that Postal Ballot Form(s) received after the said date will be treated as not having been received. Upon completion of the scrutiny of the Forms, the Scrutinizer will submit her report to the Company. The results of the postal ballot will be declared on Monday, the 22nd August 2011, both at the Registered and Corporate Offices of the Company and also displayed on the Company's website.
4. The resolutions, if assented to by the requisite majority, shall be taken as passed on Monday, the 22nd August 2011.

Explanatory Statement pursuant to Sections 173 and 192A of the Companies Act, 1956 :

Item Nos. 1 & 2:

The members had, at the Annual General Meeting of the Company held on 24th September 2007, approved the reappointment of Mr.N.Srinivasan as Managing Director of the Company for a period of 5 years with effect from 15th September 2007 and payment of remuneration to him for his services as Managing Director on the terms and conditions contained in the resolution appointing him as Managing Director.

The members had, at the Annual General Meeting of the Company held on 2nd August 2010, approved the appointment of Ms.Rupa Gurunath as Wholetime Director of the Company for a period of 5 years with effect from 5th March 2010 and payment of remuneration to her for her services as Wholetime Director on the terms and conditions contained in the resolution appointing her as Wholetime Director.

The members had also authorised the Board of Directors to decide on any annual commission payable to the aforesaid two directors based on the net profit earned by the Company each year and fix the total remuneration including commission within the overall ceiling laid down under Section 309 of the Companies Act,1956.

The Remuneration Committee of our Board at its meeting held on 30th May 2011 recommended remuneration and commission to both the Managing Director and the Wholetime Director for the financial year 2010-11 as indicated in the accompanying Notice which were approved by the Board of Directors at the meeting held on 30th May 2011.

The remuneration of Rs.899.17 lakhs (including commission) paid / payable to Mr.N.Srinivasan, Managing Director, exceeds the limit of 5% of the net profit under Section 309(3) of the Companies Act, 1956 by Rs.530.09 Lakhs and the total remuneration to the Managing Director and the Wholetime Director put together exceeds the limit of 10% of the net profit under Section 309(3) of the Companies Act, 1956 by Rs.483.41 lakhs thereby necessitating the Company to seek the approval of the shareholders and Government of India (GOI). Hence the resolution.

Justification for payment of remuneration to executive directors for the year 2010- 2011 in excess of Section 309 limits:

- I. The net profit of the Company for the year 2010-2011 was lower at Rs. 68.10 Crores as against Rs.354.34 Crores recorded in 2009-2010. The decrease in profit for 2010-11 was mainly on account of factors beyond the control of Management as explained hereunder:
 1. **Excess supply vis a vis demand - sharp reduction in Price:**

Creation of additional capacity of 115 million tonnes in the last 3 years coupled with low demand growth led to fierce competition for market share which resulted in prices dropping to unremunerative levels. Consequently, the capacity utilization of the industry fell to 76% in Financial Year 2011 from 85% in Financial Year 2010, while in the South it was only 66%. The negative growth in demand of 3.4% in the South was primarily due to the fall in demand in Andhra Pradesh by 17% and a nil growth in Kerala while Tamil Nadu and Karnataka registered a growth of only 4%. With most of the capacity expansion taking place in the South, the market scenario resulted in sharp decline in selling prices.
 2. **Increase in cost:**
 - i) Increase in wages due to All India Wage settlement which together with the increase in cost of living index by 446 points coupled with revision in the minimum wages payable to contract workmen and retirement benefits meant an additional outgo of Rs.13 Crores which was offset to a certain extent by the reduction in provision for unavailed leave as per Accounting Standard 15.

- ii) Fuller impact of increase in royalty on limestone done in the previous year.
- iii) Increase in the price of diesel during the year.
- iv) Fuller impact of increase in Excise Duty on cement to 10% from 8% in March 2010.
- v) Increase in the price of fly ash by the state owned thermal plants in Tamil Nadu in phases from Rs.60 per tonne to Rs.350 per tonne.
- vi) Increase in the electricity tariff of Tamil Nadu and Andhra Pradesh Electricity Boards.
- vii) Increase in the administered price of gas resulting in higher cost of generation.

- II. Actually, the remuneration including commission paid / payable to the Managing Director for the year 2010-11 as proposed would be lower by 26%, 37% and 44% respectively as compared to remuneration paid to him in 2007-08, 2008-09 & 2009-10 as indicated below:

(Rs. in lakhs)

Period		Salary	Perquisites and allowances	Commission	Others *	Total
From	To					
01/04/2007	31/03/2008	223.33	58.80	860.00	71.54	1213.67
01/04/2008	31/03/2009	360.00	108.00	844.00	115.61	1427.61
01/04/2009	31/03/2010	360.00	108.00	1011.00	114.84	1593.84
01/04/2010	31/03/2011	360.00	108.00	315.00	116.17	899.17

* includes provident fund and Retirement Benefits.

- III. The remuneration paid / payable to Managing Director for the year 2010-11 is reasonable for the following reasons:

Our Company today is the largest cement Company in the South and one of the largest in India. We have 7 operating units in Tamil Nadu and Andhra Pradesh and our group as such (including Trinetra Cement Limited, Company's subsidiary) has 8 operating units with capacity of 15.55 million tonnes per annum. Mr.N.Srinivasan strived hard to place our Company in a prominent position and his role since 1989-90 in turning our Company to one of the largest cement manufacturing companies in the country and the largest in the South cannot be overemphasized. From a two plant Company having a capacity of just 1.3 million tonnes in 1989 our Company today has 7 plants (besides a 1.5 million tonnes plant owned by Trinetra Cement Limited) having a total group capacity of 15.55 million tonnes. The Managing Director brought about this transformation by not only acquisition of existing cement plants but also by setting up new capacity. Considering his contribution as above which has ensured the long term survival and prosperity of our Company, the Remuneration Committee of our Board and the Board of Directors feel that the remuneration proposed including commission is reasonable.

In arriving at the aforesaid recommendation, the Remuneration Committee of our Board and the Board of Directors took into account the following:

Mr.N.Srinivasan is well qualified and has experience of nearly 43 years in industry.

The reasons for lower profitability of the Company during 2010-11 were the imbalance between supply and demand with the resultant pressure on prices and increase in wages / fuel / tax all of which were beyond the control of management.

The duties and responsibilities of Mr.N.Srinivasan, Managing Director, have substantially increased. There is need for formulation of strategies on continuous basis and periodical review thereof for successful implementation and for sustained development of the Company in the light of highly competitive conditions prevailing in the industry necessitating increased managerial attention given to such matters. Hence the continued leadership of Mr.N.Srinivasan in the years ahead will be in the best interests of the Company.

Expansion plans of the Company call for increased managerial attention in the coming years.

Cement industry is very competitive and payment of reasonable managerial remuneration as proposed is a sine qua non for retention of top class Managerial talent for the continued profitability of the Company.

Hence, the Board of Directors recommends the resolutions for payment of remuneration in excess of 5% of the net profit to the Managing Director and 10% of the net profit to the two executive directors put together, to shareholders for approval.

I GENERAL INFORMATION:

- (1) Nature of Industry : Manufacture and sale of Cement.
- (2) Date of Commencement of commercial Production : 01/08/1949
- (3) In case of new Companies, expected date of Commencement of activities as per project approved by Financial Institutions appearing in the Prospectus : Not Applicable
- (4) Financial Performance:

The following are the details of financial performance of the Company during last five years:

(Rs. in lakhs)

Financial Parameters	Year ended 31 st March				
	2011	2010	2009	2008	2007
Turnover	388807.36	410070.28	383912.30	355446.91	261074.81
Net Profit (as Computed under Section 309(5) of the Companies Act, 1956)	7381.67	56169.61	67580.49	86610.86	48811.96
Net Profit (as per Profit & Loss Account)	6810.36	35434.09	43217.65	63754.00	47882.98
Amount of Dividend Paid (Equity)	4607.66*	6143.49	5650.97	5637.59	2603.71
Rate of dividend declared in % (Equity)	15%*	20%	20%	20%	10%

* subject to approval of members at the ensuing Annual General Meeting.

- (5) Export Performance, Net Foreign Exchange Earnings and Collaborations : During the year 2010-2011 the Company has exported 5734 tonnes of cement earning a net FOB value of exports of Rs.160 lakhs approx. The Company has no foreign collaboration.
- (6) Foreign Investments or Collaborators, if any : The total holdings of foreign banks, foreign institutional investors, overseas corporate bodies, foreign corporate bodies, Global Depository Receipt holders and Global Depository Share holders are 10,46,84,430 Equity shares of Rs.10/- each constituting 34.08% of the Paid up Equity Share Capital. There is no foreign collaboration.

II INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

The qualification of Mr.N.Srinivasan, Managing Director is B.Sc. (Tech.) from Madras University and Post Graduate in Chemical Engineering from Illinois Institute of Technology, U.S.A. Mr.N.Srinivasan was associated with the Company from 1968 to 1978 and from 1989 till date.

(2) Past Remuneration:

Details given in para II under 'Justification for payment of remuneration to executive directors'.

(3) Recognition/Awards:

Mr.N.Srinivasan is, inter alia, associated with the following bodies:

Sl. No.	Name of the Body/Club/Other Associations	Position
01	Federation of Indian Chambers of Commerce and Industry	Member - Executive Committee
02	The Madras Chamber of Commerce & Industry	Special Invitee - General Committee
03	The Board of Control for Cricket in India	Honorary - Secretary
04	Tamil Nadu Golf Federation	President
05	Tamil Nadu Cricket Association	President

Sl. No.	Awards / recognitions	Year
01	Lifetime Entrepreneur Award was conferred on Mr.N.Srinivasan, Vice Chairman & Managing Director, by TIECON.	2009
02	Degree of Doctor of Literature (Honoris Causa) was conferred on Mr.N.Srinivasan, Vice Chairman & Managing Director, by the Tamil Nadu Physical Education & Sports University, Chennai.	2011

The India Cements Limited under the stewardship of Mr.N.Srinivasan obtained the following recognition/Awards:

Sl. No.	Awards / recognitions	Year
1.	Institute of Chartered Accountants Award for Best Presented Accounts.	1991
2.	CAPEXIL Special Awards for Exports.	1993
3.	ISO 9002 Certification for ICL Sankarnagar Plant.	1994
4.	CAPEXIL Special Awards for Exports.	1994
5.	State Safety Awards for ICL Sankarnagar Plant.	2003, 2004
6.	State Safety Awards for ICL Sankarnagar Plant.	2006, 2007
7.	Best Environmental Excellence in Limestone mine for ICL Dalavoi Plant by National Council for Cement and Building Materials (NCCBM), New Delhi.	2004
8.	CAPEXIL Export Award.	2005
9.	Merit Certificate in All India Magazine Contest for in-house Journal COMPASS.	2005
10.	Research and Development Unit at ICL Dalavoi Plant recognized as an In-House R&D Centre by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.	2007 to 2013
11.	The Waste Heat Recovery Project at Vishnupuram plant was registered as a CDM (Clean Development Mechanism) Project by UNFCCC.	2007
12.	First Prize awarded to Company's in-house Journal COMPASS in All India House Magazine Contest 2009-10.	2010
13.	ISO 9001 Certification for ICL Chilamakur Plant.	2010
14.	"Chennai Super Kings" has won IPL III trophy.	2010
15.	"Chennai Super Kings" has won the Champions League T20 Title.	2010
16.	"Chennai Super Kings" has won IPL IV trophy.	2011

(4) Job Profile and Suitability:

Mr.N.Srinivasan is the Vice Chairman & Managing Director of our Company having more than 4 decades of experience in industry. He functions under the control, superintendence and direction of the Board of Directors. He is the Chief Executive Officer (CEO) of the Company. Apart from the day to day management of the Company, the Board of Directors has entrusted to him the responsibility of successful and timely execution of the Company's expansion projects like power plants, infrastructure, etc. In fact, the Company has budgeted to spend a total capital expenditure of Rs.640 crores over the next three years.

(5) Remuneration paid / proposed:

(Rs. in lakhs)

Period		Salary	Perquisites and allowances	Commission	Others including retinals	Total
From	To					
2010	2011	360.00	108.00	315.00	116.17	899.17

(6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:

Mr.N.Srinivasan is a B.Sc.(Tech) from Madras University and a Post Graduate in Chemical Engineering from Illinois Institute of Technology, U.S.A., having nearly 43 years of experience in industry. He was the Sheriff of Madras for two terms during the period 1989 to 1991. Over the last decade and a half, he has been the President of the Cement Manufacturers' Association for five terms during the periods 1991 to 1994 and 2004 to 2006 and Chairman of the Board of Governors of the National Council for Cement and Building Materials (NCCBM) for four terms during the periods 1991 to 1993 and 2004 to 2006. He was also the Chairman of Development Council for Cement Industry (DCCI) constituted by the Government of India for two terms during the period 1992 to 1996. Mr.N.Srinivasan was the President of The Madras Chamber of Commerce and Industry (MCCI) for two terms during the period 1996 to 1998. During the year 2000-01, Mr.N.Srinivasan was the President of All India Organization of Employers. He was also an active Member of the Prime Minister's High Profile Council of Trade and Industry (1996-2001). Mr.N.Srinivasan was also the President of All India Chess Federation.

Mr.N.Srinivasan is presently a Member of the Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI) and also a Special Invitee to the General Committee of The Madras Chamber of Commerce and Industry. An avid golfer, Mr.N.Srinivasan was Captain of the Kodaikanal Golf Club during the period 1995-97 and is presently the President of the Tamil Nadu Golf Federation. Mr.N.Srinivasan is also the Honorary Secretary of the Board of Control for Cricket in India and the President of The Tamil Nadu Cricket Association.

Our Company today is the largest cement Company in the South and one of the largest in India. We have 7 operating units in Tamil Nadu and Andhra Pradesh and our group as such (including Trinetra Cement Limited, Company's subsidiary) has 8 operating units with capacity of 15.55 million tonnes per annum. Mr.N.Srinivasan strived hard to place our Company in a prominent position and his role since 1989-90 in turning our Company to one of the largest cement manufacturing companies in the country and the largest in the South cannot be overemphasized. From a two plant Company having a capacity of just 1.3 million tonnes in 1989 our Company today has 7 plants (besides a 1.5 million tonnes plant owned by Trinetra Cement Limited) having a total group capacity of 15.55 million tonnes. The Managing Director brought about this transformation by not only acquisition of cement plants but also by setting up new capacity.

The turnover of our Company, as per the audited accounts, for the year ended 31.03.2011 was Rs.3,888 crores. There are 3,220 employees on the rolls as on date. Considering the size of the Company, turnover and the profile of the Managing Director, the proposed remuneration is comparable, if not lower than the levels prevailing in the industry.

(7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

Mr.N.Srinivasan, Managing Director and Ms.Rupa Gurunath, Wholetime Director, are related to each other. Mr.N.Srinivasan does not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Managing Director. Mr.N.Srinivasan holds 4,27,400 Equity shares of Rs.10/- each.

III OTHER INFORMATION:

(1) Reasons for inadequacy of profits :

The cement industry which registered spectacular growth in double digits over the last few years entered a phase of deceleration with the demand slackening during the year 2010-2011. The industry's demand growth during the year was a meagre 4.7% according to information furnished by Cement Manufacturers' Association, which is the lowest in the last ten years. This aberration in the growth according to experts is due to the general slowdown in the infrastructure and real estate sectors due to the rising cost of finance. The Reserve Bank of India had hiked the key rates - Repo and Reverse Repo almost 6 times in the year 2010 with a further dosage during the current year resulting in lending rates across all loans becoming costlier leading to a fall in demand.

While on the one hand, the growth in demand dropped steeply, on the other hand, in anticipation of allround growth, the industry had ploughed in substantial money to create additional capacities of around 115 million tonnes in the last 3 years. Sudden burst in capacity expansion coupled with low demand growth led to fierce competition for market share which resulted in prices dropping to unremunerative levels during the second quarter of the year. Consequently, the capacity utilization of the industry also fell to 76% in Financial Year 2010-11 from 85% in Financial Year 2009-10. However, during the second half of the financial year 2010-11 the industry was able to recover some portion of the lost ground with more remunerative prices in the market place.

An analysis of growth in demand regionwise indicates that the western region and eastern region continued with a double digit growth at 11.7% and 10.3% respectively; the North registered a growth of 3% and the Central 9.7% while in the South there was a negative growth of 3.4%. This negative growth in the South was primarily due to the fall in demand in Andhra Pradesh by 17% and a nil growth in Kerala while Tamil Nadu and Karnataka registered a growth of only 4%. With most of the capacity expansion taking place in the South this market scenario resulted in sharp decline in selling prices during the first half of the year.

The overall capacity utilization of the industry was 76% while in the South it was only 66%. With supply side pressures impacting the selling prices, cost side pressures were also unrelenting in the form of enhanced energy (coal and power) and transportation costs (diesel), increase in power tariff in Tamil Nadu and Andhra Pradesh, increase in the price of fly ash from thermal plants of Tamil Nadu and Andhra Pradesh in addition to the full year impact of the increase in Excise Duty on cement from 8% to 10% announced in March 2010.

The Company's total sales and other income for the year 2010- 2011 was lower at Rs.4011.34 Crores against Rs.4221.69 Crores in the previous year registering a drop of 5%. The cement prices declined substantially in the third quarter and have started recovering from the fourth quarter. In addition there was substantial increase in cost of production due to increase in the price of raw materials, power, fuel and other operating expenses and consequently the operating profit was lower at Rs.473.30 Crores as compared to Rs.863.51 Crores in the previous year. Interest charges were marginally lower at Rs.141.72 Crores (Rs.142.64 Crores) while depreciation was at Rs.244.03 Crores as compared to Rs.233.12 Crores in the previous year. The resultant profit before tax and exceptional items was lower at Rs.87.55 Crores as against Rs.487.75 Crores recorded in the previous year.

Reasons for decrease in profit:

Details given in para I (1) and I (2) under 'Justification for payment of remuneration to executive directors'.

(2) Steps taken or proposed to be taken for improvement:

The company has already taken steps to enhance the capacity to 14.3 million tonnes and is well equipped to participate in the future growth. In order to circumvent the shortage / uncertainty of power supply in Tamil Nadu and Andhra Pradesh, the company has set up a 50 mw power plant in Tamil Nadu and orders have been placed for a similar capacity power plant in Andhra Pradesh both of which provide energy security at economic cost. Work is also apace on the coal mines in Indonesia and orders have been placed for construction of the bridge and laying of the road to transport coal from the mines. Upon receipt of forest clearance which is expected shortly, mining contract will be awarded so as to commence work at the mines. It is expected that coal raising will commence in the last quarter of the current financial year which will reduce the impact of volatility in the price of imported coal besides assuring continuous supply of fuel to the power plants.

The strategy of increasing the capacity through the upgrades / expansion at its locations wherever feasible have been achieved and are in place assuring value to the stakeholders. Assuring uninterrupted supply of power to its plants as a strategy is getting materialized through the setting up of power plants at Tamil Nadu and Andhra Pradesh. The company has also taken steps to ensure that the fuel supply chain is maintained at relatively cheaper prices through the strategy of acquiring ships and also through securing additional coal linkages from the domestic coal companies and through mining rights for coal in Indonesia. The company has already trimmed its manpower across units and imparting multitasking skills for its workers has been top priority. The company is also on the lookout for further growth opportunities that may be available in the market. The company also intends to partake on the infrastructure development of the country through foray into such areas and actions are being taken on this front.

(3) Expected increase in productivity and profits in measurable terms:

With steps taken by the Company on operations front in improving the operating parameters by increasing the capacity through upgradation and expansion at its locations wherever feasible and ensuring uninterrupted supply of power by setting up of power plants at Tamil Nadu and Andhra Pradesh, fuel supply at relatively cheaper prices through the strategy of acquiring ships and also through securing additional coal linkages from the domestic coal companies and through mining rights for coal in Indonesia, it is expected that the cost of production will comedown resulting in increase in the profitability of the Company.

The reduction in manpower and imparting multitasking skills for workers and also the Company's proposal to partake on the infrastructure development of the country through foray into such areas will enable the Company to achieve higher production and diversification.

IV DISCLOSURES:

Details of remuneration paid/payable to the Directors for the year ended 31st March, 2011:

(i) Executive Directors:

(Rs. in lakhs)

Name & Position	Salary	Commission	Perquisites & allowances	Provident Fund	Retirement Benefits	Others	Total
Mr. N.Srinivasan, Vice Chairman & Managing Director	360.00	315.00	108.00	43.20	69.00	3.97	899.17
Ms. Rupa Gurunath, Wholetime Director	120.00	129.00	36.00	14.40	23.00	-	322.40
Total	480.00	444.00	144.00	57.60	92.00	3.97	1221.57 *

*subject to necessary approvals.

There are no stock options available / issued to any Executive Directors of the Company.

(ii) Non-Executive Directors:

Remuneration by way of sitting fees is paid to all non-executive directors at the rate of Rs.20,000/- for attending each meeting of the Board and Rs.10,000/- for attending each committee meeting.

No remuneration other than sitting fee totalling Rs.14,10,000/- has been paid to Non-Executive Directors for the year 2010-11.

There has been no pecuniary relationship or transactions between the Company and Non-Executive Directors during the year 2010-2011.

There are no stock options available / issued to any Non-executive Directors of the Company.

The Board of Directors recommends the resolutions set out in Items No.1 and 2 of the accompanying Notice for your approval. Your approval is sought by way of voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The Explanatory Statement together with the accompanying notice may be treated as an abstract of the terms and conditions of appointment of Sri.N.Srinivasan pursuant to Section 302 of the Companies Act, 1956.

Interest of Directors:

Mr.N.Srinivasan, Vice Chairman & Managing Director and Ms.Rupa Gurunath, Wholetime Director, are interested in these resolutions as they relate to them. Mrs.Chitra Srinivasan, Director, is interested in these resolutions as Mr.N.Srinivasan and Ms.Rupa Gurunath, are related to her. No other Director is directly or indirectly concerned or interested in these resolutions.

Item No. 3:

The Indian Economy is currently growing at a robust rate. It is expected that the pace of growth will get further momentum in the coming years. With India's economic growth gathering pace and increased focus of the Government on infrastructure development, the domestic market presents several attractive investment opportunities in these areas. The International markets also offer attractive opportunities from time to time in infrastructure development which can be tapped by the Company. The existing clauses of the Memorandum of Association enable the Company to venture into infrastructure activities in a limited way. It is proposed to enlarge the scope of Infrastructure activities of the Company by altering the existing Clause III - Objects Clause of the Memorandum of Association by inserting a new sub-clause numbered as 18 after sub-clause 17 and renumbering the existing sub-clause 18 (a) to (aa) as sub-clause 23 (a) to (aa).

The Board of Directors recommends the resolutions set out in Item No.3 of the accompanying Notice for your approval. Your approval is sought by way of voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Inspection of Documents:

The Memorandum and Articles of Association of the Company will be available for inspection by the shareholders at the Registered and Corporate Offices of the Company between 10.00 a.m. and 12.00 Noon on any working day upto 17.08.2011.

Interest of Directors:

No Director of the Company is directly or indirectly concerned or interested in the resolutions.

Item No. 4:

The Company's bankers have revised their working capital facility from Rs.41373 lakhs to Rs.107555 lakhs as set out in the resolution. The aforesaid revised working capital facility is, inter alia, required to be secured by second pari passu mortgage and charge ranking subsequent to the charges created / to be created in favour of the term lenders and /or debenture trustees on the immovable and movable properties (other than current assets) both present and future pertaining to cement division of the Company in favour of various Bankers as set out in the resolution.

Approval of the Shareholders is being sought pursuant to Section 293(1)(a) of the Companies Act, 1956 for creation of mortgage / charge by the Company of its immovable and movable properties in favour of the banks as aforesaid.

The Board of Directors recommends the resolutions set out in Item No.4 of the accompanying Notice for your approval. Your approval is sought by way of voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Inspection of Documents:

Copy of Working Capital Consortium Agreement dated 2nd August 2010 entered into by the Company with Company's Bankers, is available for inspection by the shareholders at the Registered and Corporate Offices of the Company between 10.00 A.M. and 12.00 Noon on any working day upto 17.08.2011.

Interest of Directors:

No Director of the Company except Mr.K.P.Nair, representing IDBI Bank Limited, is directly or indirectly concerned or interested in the resolution.

(By order of the Board)
for THE INDIA CEMENTS LIMITED

Place: Chennai
Date : 04.07.2011

G. BALAKRISHNAN
President & Company Secretary