

Madras Cements Ltd.

Annual Report

2009-2010





Chairman, Shri P.R. Ramasubrahmaneya Rajha presenting a cheque for Rs. 1 crore to the Honourable Chief Minister of Andhra Pradesh, Shri K. Rosaiah for Andhra Pradesh Chief Minister's Relief Fund.



National Level Award for Environmental Excellence in limestone mining for the year 2007-08 instituted by National Council for Cement and Building Materials, being awarded to Alathiyur Plant.



MADRAS CEMENTS LTD.

Board of Directors

Shri P.R.RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman & Managing Director

Shri G.SUNDARAMURTHI, I.A.S.,
Nominee of Government of Tamil Nadu

Shri P.R.VENKETRAMA RAJA, B.Tech.,

Dr. A.RAMAKRISHNA, B.E., M.Sc.,

Shri R.S.AGARWAL, B.Sc., B.E.,

Shri M.B.N.Rao, B.Sc.(Agri).

Bankers

Axis Bank Ltd
Bank of Baroda
Bank of Nova Scotia
Corporation Bank
Dhanlaxmi Bank Ltd
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Patiala
Syndicate Bank
Tamilnad Mercantile Bank Ltd
The Hongkong and Shanghai
Banking Corporation Ltd

Corporate Office

98-A, Dr. Radhakrishnan Road, Mylapore
Chennai - 600 004, Tamil Nadu.

Registered Office

'Ramamandiram'
Rajapalayam - 626 117, Tamil Nadu.

Website

www.madrascements.com

Auditors

M/s. M.S.Jagannathan & N.Krishnaswami
Chartered Accountants
27, Premier Flats, Karur Bypass Road
Tiruchirappalli - 620 002.

M/s. CNGSN & Associates
Chartered Accountants
20, Raja Street, T. Nagar
Chennai - 600 017.

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MADRAS CEMENTS LTD.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

| DESCRIPTION | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales & Earnings | | | | | | | | | | | |
| Sales & Other Income | 51900 | 62083 | 70937 | 63037 | 69982 | 74511 | 101335 | 158169 | 202135 | 247123 | 282125 |
| Operating Profit | 15199 | 17722 | 17898 | 15495 | 16712 | 16043 | 21552 | 56350 | 76176 | 79349 | 87729 |
| Cash generation | 8420 | 9706 | 9841 | 8549 | 11325 | 11536 | 14771 | 40992 | 63916 | 62852 | 64497 |
| Profit after tax | 3783 | 4433 | 2566 | 1296 | 3340 | 5592 | 7902 | 30802 | 40829 | 36352 | 35368 |
| Assets Employed | | | | | | | | | | | |
| Net Fixed Assets | 75314 | 95588 | 100684 | 98444 | 93315 | 98477 | 100119 | 125897 | 248262 | 363505 | 401022 |
| Investments | 5031 | 5033 | 5734 | 5728 | 6685 | 7962 | 8867 | 8875 | 8876 | 8861 | 8874 |
| Net Current Assets | 11646 | 12402 | 10513 | 10773 | 9647 | 14934 | 9838 | 22024 | 37773 | 47342 | 58942 |
| TOTAL | 91991 | 113023 | 116931 | 114945 | 109647 | 121373 | 118824 | 156796 | 294911 | 419708 | 468838 |
| Financed by | | | | | | | | | | | |
| Equity Shareholders' Investment | 302 | 302 | 302 | 302 | 302 | 302 | 302 | 302 | 298 | 298 | 298 |
| Bonus shares | 905 | 905 | 905 | 905 | 905 | 905 | 905 | 905 | 892 | 2082 | 2082 |
| Reserves and surplus | 35587 | 39234 | 25004 | 25276 | 27398 | 31839 | 37793 | 65276 | 93897 | 121994 | 151297 |
| Shareholders' Funds (A) | 36794 | 40441 | 26211 | 26483 | 28605 | 33046 | 39000 | 66483 | 95087 | 124374 | 153677 |
| Short term borrowings | 7186 | 7812 | 12545 | 12195 | 4490 | 25982 | 13597 | 17231 | 55130 | 35987 | 27314 |
| Sales Tax Deferral | 7275 | 8850 | 10896 | 13632 | 17725 | 22276 | 28891 | 37155 | 48906 | 57833 | 61884 |
| Long term borrowings | 40736 | 55920 | 50169 | 44673 | 39207 | 20839 | 17756 | 13347 | 59528 | 152525 | 167453 |
| Borrowings (B) | 55197 | 72582 | 73610 | 70500 | 61422 | 69097 | 60244 | 67733 | 163564 | 246345 | 256651 |
| Deferred Tax Liability (C) | - | - | 17110 | 17962 | 19620 | 19230 | 19580 | 22580 | 36260 | 48989 | 58510 |
| TOTAL (A)+(B)+(C) | 91991 | 113023 | 116931 | 114945 | 109647 | 121373 | 118824 | 156796 | 294911 | 419708 | 468838 |



FINANCIAL HIGHLIGHTS

| DESCRIPTION | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cement | | | | | | | | | | | |
| Capacity (Lac tonnes) | 34.5 | 57.5 | 59.9 | 59.9 | 59.9 | 59.9 | 59.9 | 59.9 | 79.9 | 99.9 | 104.9 |
| Production (Lac tonnes) | 27.2 | 26.5 | 31.8 | 35.2 | 37.0 | 38.0 | 47.1 | 56.7 | 58.5 | 65.3 | 80.3 |
| Windfarm | | | | | | | | | | | |
| Capacity (MW) | 33.21 | 33.21 | 33.21 | 33.21 | 33.21 | 34.44 | 45.84 | 63.79 | 136 | 181.59 | 185.59 |
| Generation (Lac units) | 560 | 483 | 490 | 455 | 485 | 445 | 378 | 657 | 1426 | 2611 | 4116 |
| Number of employees | 1724 | 1748 | 1750 | 1743 | 1669 | 1642 | 1686 | 1955 | 2260 | 2447 | 2583 |
| Contribution to Exchequer (Rs. in lacs) | 17261 | 18113 | 21081 | 23349 | 22828 | 27544 | 32137 | 56107 | 60954 | 71110 | 80933 |
| Face value per share (Rs.) | 100 | 100 | 100 | 100 | 10 | 10 | 10 | 10 | 10 | 1 | 1 |
| Earnings per share (Rs.) | 313 | 367 | 213 | 107 | 28 | 46 | 65 | 255 | 343 | 15 | 15 |
| Dividend per share (Rs.) | 55 | 55 | 60 | 60 | 7.50 | 10 | 15 | 25 | 40 | 2 | 2 |
| Dividend payout (Rs. in lacs) | 665 | 665 | 726 | 726 | 907 | 1210 | 1814 | 3024 | 4803 | 4766 | 4766 |
| Dividend payout % | 18 | 15 | 28 | 56 | 27 | 22 | 23 | 10 | 12 | 13 | 13 |
| P/E ratio | 12.34 | 11.84 | 20.06 | 31.35 | 27.56 | 21.16 | 33.08 | 10.70 | 9.76 | 4.68 | 8.19 |
| Price to book value ratio | 1.27 | 1.30 | 1.96 | 1.53 | 3.22 | 3.58 | 6.70 | 4.96 | 4.19 | 1.37 | 1.89 |
| Operating profit ratio % | 29.29 | 28.55 | 25.23 | 24.58 | 23.88 | 21.53 | 21.27 | 35.63 | 37.69 | 32.11 | 31.10 |
| Gross fixed assets per share (Rs.) | 8456 | 10062 | 11618 | 11969 | 1200 | 1300 | 1358 | 1489 | 2281 | 165 | 202 |
| Market price of share (Rs.) | | | | | | | | | | | |
| (a) High | 8640 | 5574 | 5150 | 4435 | 980 | 1170 | 2245 | 3750 | 5072 | 198 | 140 |
| (b) Low | 2950 | 3360 | 3501 | 3245 | 330 | 595 | 932 | 1745 | 2500 | 55 | 70 |
| (c) As on 31 st March | 3865 | 4345 | 4263 | 3365 | 762 | 980 | 2164 | 2730 | 3349 | 71 | 122 |
| Market capitalisation (Rs. in lacs) | 46672 | 52468 | 51478 | 40642 | 92033 | 118362 | 261365 | 329725 | 398620 | 170029 | 289728 |
| Net worth per share (Rs.) | 3047 | 3349 | 2171 | 2193 | 237 | 274 | 323 | 550 | 799 | 52 | 65 |
| Debt-Equity Ratio (on long term Borrowings) | 1.11 | 1.38 | 1.91 | 1.69 | 1.37 | 0.63 | 0.46 | 0.20 | 0.63 | 1.23 | 1.09 |
| Current Ratio | 2.29 | 2.05 | 1.85 | 1.85 | 1.65 | 1.90 | 1.43 | 1.56 | 1.94 | 2.08 | 2.08 |

Bonus shares were issued in the ratio of 1:1 in 1992-93, 1994-95 and 2008-09.

MADRAS CEMENTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the 52nd Annual General Meeting of the Company will be held at 10.15 A.M. on Monday, the 2nd August 2010 at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam – 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 2009-2010.
3. To appoint a Director in the place of Dr.A.Ramakrishna who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and, if thought fit, to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that M/s.M.S.Jagannathan & N.Krishnaswami, Chartered Accountants and M/s.CNGSN & Associates, Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.5,00,000/- (Rupees Five lakhs only) each, exclusive of out-of-pocket expenses.”

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that Shri.M.B.N.Rao who has been appointed as Additional Director and holds office until this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that subject to the approval of the Financial Institutions/Banks, in supersession of the resolution passed at the Annual General Meeting held on 11th August, 2008 and pursuant to Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the maximum amount of moneys so borrowed by the Board, shall not at any time exceed Rs.5,000 Crores (Rupees Five thousand crores only).”

Chennai
24-5-2010

By Order of the Board,
For MADRAS CEMENTS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



NOTES:

- (i) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Items No.5 and 6 of the Notice is annexed hereto;
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company;
- (iii) Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting;
- (iv) The Register of Members and the Share Transfer Books of the Company will remain closed from 27.7.2010 to 2.8.2010 (both days inclusive);
- (v) The dividend, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 2.8.2010 and in respect of shares held in electronic form to the beneficial owners whose names appear in the list furnished by the Depositories for this purpose as on 26.7.2010;
- (vi) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
- (vii) Under the provisions of Section 205 C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP Fund) of the Central Government. Thereafter no claim shall lie against the IEP Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the IEP Fund. The details of due dates for transfer of such unclaimed dividend to the said IEP Fund are:

| Financial Year Ended | Date of Declaration of Dividend | Last Date for Claiming Unpaid Dividend | Due Date for Transfer to IEP Fund |
|--|--|--|--|
| 31-03-2003 | 11-08-2003 | 10-08-2010 | 08-09-2010 |
| 31-03-2004 Interim Dividend Final Dividend | 25-10-2003 28-07-2004 | 24-10-2010 27-07-2011 | 22-11-2010 25-08-2011 |
| 31-03-2005 1 st Interim Dividend 2 nd Interim Dividend Final Dividend | 25-08-2004 28-01-2005 10-08-2005 | 24-08-2011 27-01-2012 09-08-2012 | 22-09-2011 25-02-2012 07-09-2012 |
| 31-03-2006 1 st Interim Dividend 2 nd Interim Dividend Final Dividend | 29-10-2005 30-01-2006 27-07-2006 | 28-10-2012 29-01-2013 26-07-2013 | 26-11-2012 27-02-2013 24-08-2013 |
| 31-03-2007 1 st Interim Dividend 2 nd Interim Dividend Final Dividend | 30-10-2006 30-01-2007 27-07-2007 | 29-10-2013 29-01-2014 26-07-2014 | 27-11-2013 27-02-2014 24-08-2014 |
| 31-03-2008 1 st Interim Dividend 2 nd Interim Dividend Final Dividend | 23-10-2007 31-01-2008 11-08-2008 | 22-10-2014 30-01-2015 10-08-2015 | 20-11-2014 28-02-2015 08-09-2015 |
| 31-03-2009 Interim Dividend Final Dividend | 29-01-2009 05-08-2009 | 28-01-2016 04-08-2016 | 26-02-2016 02-09-2016 |

MADRAS CEMENTS LTD.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Shri.M.B.N.Rao, aged 61 years, was appointed as an Additional Director by the Board of Directors of the Company on 5.8.2009. He holds office till the date of the Annual General Meeting. Under Section 257(1) of the Companies Act, 1956, a notice in writing has been received from a Member signifying his intention to propose the appointment of Shri.M.B.N.Rao as a Director at the Annual General Meeting.

Shri.Rao, a graduate in Agriculture holds Diploma in Computer Studies from University of Cambridge and National Computing Centre, London and Certificate in Industrial Finance.

He started his Banking career in the year 1970 when he joined Indian Bank as a Probationary Officer. He had handled various assignments in the Banking Industry in India and Overseas and rose to become the Chairman and Managing Director of Indian Bank and later Chairman & Managing Director of Canara Bank, from where he retired.

He had visited USA, UK, Germany, France, Switzerland, Spain, Malaysia, Philippines, Thailand, Hong Kong and China in connection with multifarious responsibilities assigned to him.

He holds no shares in Madras Cements Ltd.

Shri.Rao is also a Director in the following Companies:-

1. BEML Ltd
2. Mahindra & Mahindra Financial Services Ltd
3. E.I.D. Parry Ltd
4. TAJ GVK Hotels & Resorts Ltd
5. Electrosteel Castings Ltd
6. Franklin Templeton Asset Management (India) Pvt Ltd
7. MMTC – PAMP India Pvt Ltd
8. Sadashiva Sugars Ltd

None of the Directors except Shri.M.B.N. Rao is deemed to be interested in this Resolution.

Item No. 6

Under Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in General Meeting, borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say reserves not set apart for any specific purpose.

The members of the Company at the Annual General Meeting held on 11th August, 2008 passed an ordinary resolution under the aforesaid section empowering the Board of Directors of the Company to borrow up to Rs.3,000 crores. Approval is sought to raise the same to Rs.5,000 crores to finance the various expansion projects of the Company in future.

Your Directors recommend the resolution for your approval.

None of the Directors is deemed to be interested in this Resolution.

By Order of the Board,
For MADRAS CEMENTS LTD.,

Chennai
24-5-2010

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Dr. A. RAMAKRISHNA

Dr. A. Ramakrishna, aged 70, is a professional in Civil and Structural Engineering. He started his career in 1962 with Engineering Construction Corporation (ECC) Limited, a subsidiary of L&T. After serving in various capacities, he was inducted into the Board of Directors of L&T in 1992 and retired as President and Deputy Managing Director.

He has been on the Board of Madras Cements Ltd. since 2005.

He is a Member in the following Committees of the Company:

- a) Audit Committee
- b) Remuneration Committee
- c) Project Management Committee

He holds 80,200 shares in Madras Cements Ltd.

He is also a Director in the following Companies:-

1. Ramco Industries Limited
2. KCP Limited
3. The Andhra Sugars Limited
4. Andhra Petrochemicals Limited
5. TAJ GVK Hotels and Resorts Limited
6. SPEL Semiconductor Limited
7. GVK Industries Limited
8. GVK Power & Infrastructure Limited
9. GVK Gautami Power Limited
10. Teesta Urja Limited
11. Brigade Enterprises Limited
12. International Infrastructure Consultants Private Limited
13. Mumbai International Airport Private Ltd
14. GVK Jaipur Expressway Private Limited

None of the Directors except Dr.A.Ramakrishna is deemed to be interested in this Resolution.

MADRAS CEMENTS LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 52nd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

| | Year ended 31-3-2010 (Rs. in lacs) | Year ended 31-3-2009 (Rs. in lacs) |
|---|--|--|
| Operating Profit: Profit before Interest, Depreciation and Tax (PBIDT) | 87729 | 79350 |
| Less: Interest | 15088 | 11001 |
| Profit before Depreciation and Tax (PBDT) | 72641 | 68349 |
| Less: Depreciation | 19608 | 13772 |
| | 53033 | 54577 |
| Add: Extraordinary items | 11 | (-) <u>35</u> |
| Net Profit before Tax | 53044 | 54542 |
| Less: Provision for Tax | | |
| Current Tax | 8155 | 5320 |
| Deferred Tax | 9521 | 12729 |
| Fringe Benefit Tax | — | 141 |
| Net Profit After Tax | 35368 | 36352 |
| Add: Balance Profit from last year | 2974 | 2178 |
| | 38342 | 38530 |
| Add: Debenture Redemption Reserve written back | — | 1020 |
| Proposed dividend written back | — | 1 |
| Surplus for Appropriation | 38342 | 39551 |
| Appropriations: | | |
| 1. Transfer to General Reserve | 27500 | 31000 |
| 2. Interim Dividend | 3575 | 2383 |
| 3. Final Dividend | 1191 | 2383 |
| 4. Tax on Dividends | 806 | 811 |
| Balance carried over to Balance Sheet | 5270 | 2974 |
| TOTAL | 38342 | 39551 |



SHARE CAPITAL

The paid up capital of the Company is Rs.23,79,69,380/- consisting of 23,79,69,380 shares of Rs.1/- each.

DIVIDEND

Your Directors have pleasure in recommending a final dividend of Rs.0.50 per share (PY:Rs.1.00 per share) on the equity capital of the Company. Together with the Interim dividend of Rs.1.50 per share (PY:Rs.1.00 per share) paid during the year, the total dividend for the year is Rs.2.00 per share as against Rs.2.00 per share for the previous year. The total dividend for the year amounts to Rs.47.66 crores as against Rs.47.66 crores for the previous year.

TAXATION

An amount of Rs.81.55 Crores towards Current Tax (MAT), Rs.95.21 Crores towards Deferred Tax and Rs.8.06 Crores towards Dividend Tax has been provided for the year under review. The Company is entitled for MAT credit of Rs.8.42 crores, which would be carried forward and adjusted against the tax liability in the subsequent years..

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

PRODUCTION & SALES

| | 2009-2010 (‘000 tonnes) | 2008-2009 (‘000 tonnes) |
|---|----------------------------|----------------------------|
| Ramasamyraja Nagar (TN) Factory | | |
| Clinker produced | 690 | 744 |
| Cement produced | 1439 | 1424 |
| Cement sold | 1440 | 1426 |
| Jayanthipuram (AP) Factory | | |
| Clinker produced | 1902 | 1815 |
| Cement produced | 1996 | 1848 |
| Cement sold | 1990 | 1858 |
| Alathiyur (TN) Factory | | |
| Clinker produced | 2154 | 2053 |
| Cement produced | 2794 | 2958 |
| Cement sold | 2760 | 2954 |
| Ariyalur (TN) Factory | | |
| Clinker produced | 1217 | 160 |
| Cement produced | 1179 | 39 |
| Cement sold | 1154 | 32 |
| Methodu (Karnataka) Factory | | |
| Clinker produced | 160 | 177 |
| Cement produced | 229 | 257 |
| Cement sold | 228 | 257 |
| Salem (TN) Grinding Plant | | |
| Cement produced | 157 | — |
| Cement sold | 158 | — |
| Chengalpattu (TN) Grinding Plant | | |
| Cement produced | 214 | — |
| Cement sold | 211 | — |
| Kolaghat (WB) Grinding Plant | | |
| Cement produced | 18 | — |
| Cement sold | 13 | — |

During the year under review, the cement production had increased to 80.26 lac tonnes, compared to 65.26 lac tonnes of the previous year. This represents a growth of 23%. The increase in production was mainly due to the contribution from Ariyalur Factory and Grinding Plants.

MADRAS CEMENTS LTD.

At the R R Nagar plant, the 1200 Tonnes Per Day (TPD) kiln, commissioned in 1977 was scrapped and in its place, a new kiln of 1600 TPD capacity having latest design with better specific heat consumption and specific power consumption was commissioned in November 2009. Further, the capacity of the Kiln 2 at R R Nagar was upgraded from 1150 TPD to 1350 TPD by modifying the pre-heater fan and clinker cooler. For this purpose, the Kiln 2 was stopped for 76 days during the period April to July 2009. During the period of the shutdown of the Kiln 2, the clinker was transported from other units for cement grinding, thereby maintaining the despatches.

At the Ariyalur plant, the cement mill was stopped for 52 days in November and December 2009, due to the failure of the main gear box. During the period of the shutdown of the cement mill, the clinker produced by the plant was sent to other units and the grinding plants, thereby maintaining the despatches.

GRINDING AND PACKING PLANTS

It was informed at the Directors' Report for the year 2008 – 2009 of the Company's proposals to establish grinding and packing plants near fly ash availability areas / major cement consumption areas to help the Company in economising transportation costs and better servicing of markets.

Accordingly, the Company had commissioned the following:

- * Grinding Plant with a capacity of 0.50 Million Tonnes Per Annum (MTPA) at Kattuputhur Village, Uthiramerur Taluk, Kancheepuram District (Near Chengalpattu), Tamil Nadu was commissioned in the month of June 2009.
- * Grinding Plant with a capacity of 0.50 MTPA at Singhipuram Village, Valapady Taluk, Salem District, Tamil Nadu was commissioned in the month of September 2009.
- * Grinding Plant with a capacity of 0.95 MTPA at Kolaghat, Purba Medinipur District, West Bengal, was commissioned in the month of January 2010.
- * Packing Plant with a capacity of 120 Tonnes Per Hour (TPH) at Malkapur, Nalgonda District (Near Hyderabad), Andhra Pradesh was commissioned in the month of September 2009.
- * Packing Plant with a capacity of 120 TPH at Aralvaimozhi, Kanyakumari District (Near Nagercoil), Tamil Nadu was commissioned in the month of December 2009.

SALES

Because of the above, the sale of cement including self-consumption had registered an increase from 65.28 lac tonnes to 79.54 lac tonnes. This represents a growth of 22% over the previous year.

EXPORTS

During the year 13,287 tonnes of cement was exported to Sri Lanka. The export turnover of the Company for the year was Rs.4.66 crores.

COST

Substantial increase in the usage of Pet coke and strategic procurement of the pet coke has helped the Company to reduce the cost of power and fuel, compared to the previous year. Because of the power cut imposed in Tamil Nadu, the Company could not avail to its full requirements, the power produced from its wind farms. Hence, the usage of captive generator sets to produce power had increased. The cost of furnace oil used for operating the captive generator sets has also increased, thereby increasing the cost of power generated through captive generator sets. But for this, there would have been further reduction in the cost of power.



Due to the increase in the diesel prices, the transportation cost by road had increased. Further the necessity of inter-unit transfer of clinker was also responsible for increase in the transportation cost for the Company as a whole. There has also been increase in the cost of various raw materials, including increase in the Royalty for the limestone mined. These factors have contributed to the increase in the cost of production during the year.

READY MIX CONCRETE DIVISION

The Division has produced 44,501 cu.m. of concrete during the year accounting for a revenue of Rs.12.73 Crores as against 45,066 cu.m. of concrete accounting for a revenue of Rs.14.17 Crores during the previous year.

DRY MORTAR DIVISION

The Division has produced 23,508 tonnes of Dry Mortar during the year as against 29,858 tonnes produced during the previous year. The Division has sold 23,519 tonnes of Dry Mortar accounting for a revenue of Rs.12.05 Crores during the year as against 29,743 tonnes of Dry Mortar accounting for a revenue of Rs.14.15 Crores during the previous year.

WIND FARM DIVISION

The Division has generated 4116 Lac Kwh as compared to 2611 Lac Kwh of the previous year. The income during the year from the Division was Rs.133.89 Crores as against Rs.80.03 Crores of the previous year.

During the year, 5 Wind Energy Generators for an aggregate capacity of 4 MW were erected and commissioned. With this, the capacity of the Wind Farms situated at Muppandal, Poolavadi, Pushpathur, Oothumalai and Mathodu has risen to 185.59 MW, comprising of 262 Wind Energy Generators.

TURNOVER AND PROFITABILITY

With the increase in production and sale together with the increased revenue from wind farm division, the total revenue for the year, net of Central Excise and Sales Tax had increased to Rs.2,821 Crores as against Rs.2,471 Crores of the previous year. This represents a growth of 14%.

The operating profit before interest, depreciation and tax was higher at Rs.877.29 Crores as against Rs.793.50 Crores of the previous year, showing 11% increase. The higher borrowings during the year for the various expansion projects, had resulted in increase in interest cost. The commissioning of the new projects had also increased the depreciation charge. On All India basis, though the cement industry had grown at 11% for the year under review, the growth was only 5% in the Southern Region. Coupled with additional capacity that had come up in the cement industry, there had been pressure on realisation. Because of the above and with the impact of increase in various costs, the net profit of the Company, after interest, depreciation and tax is lower at Rs.353.68 crores as against Rs.363.52 Crores of the previous year.

CHANGES IN STATUTORY LEVIES

The following are the changes that have taken place in the Statutory Levies.

DIRECT TAX

- i) The Minimum Alternate Tax (MAT) rate has been increased from 10% to 15%. This has further been increased to 18% for the year 2010 – 2011.
- ii) The Fringe Benefit Tax (FBT) has been abolished.

MADRAS CEMENTS LTD.

INDIRECT TAX

- i) The CENVAT credit on Cement and Steel used for construction of building or structures for support of capital goods has been disallowed.
- ii) In Andhra Pradesh, the rate of Value Added Tax (VAT) has been increased from 12.5% to 14.5%, with effect from 15.1.2010. In Karnataka, it has been increased from 12.5% to 13.5% with effect from 1.4.2010.

OTHERS

- i) The Royalty for limestone mined has been increased from Rs.45/- per tonne to Rs.63/- per tonne with effect from 13.8.2009.

NEW PROJECTS

SECOND UNIT AT ARIYALUR

To further increase the Company's production capacity, it has been decided to put up a second unit at Ariyalur. The proposed unit will have a capacity of 2 MTPA. Orders for the equipments have been placed. The estimated cost for the same would be Rs.630 crores. The project is slated to be commissioned in the month of June 2011. Consequently, the cement production capacity of the Company will go up from 10.49 MTPA to 12.49 MTPA.

THERMAL POWER PLANTS

In view of the prevailing power shortage in Tamil Nadu, it is proposed to invest in captive thermal power plants in our cement plants to meet the plants' electrical energy requirements. Accordingly, it has been decided to put up a 60 MW thermal power plant at Ariyalur and a 25 MW thermal power plant at R R Nagar. The cost of thermal power plant at Ariyalur would be Rs.200 crores and at R R Nagar Rs.110 crores.

The above capital expenditures will be met from internal accruals and from borrowings.

PROSPECTS FOR 2010-2011

Demand for cement is expected to grow at 10% in the coming year due to the continued fillips given for the infrastructure projects. The Company expects to sustain and improve the output levels of all the units during the year. Also, the Company will have the benefit of increased production from its new projects, which will enable the Company to meet the increased market demand for cement. The Company continues its endeavour for the sale of Blended Cement. The over-supply situation in the cement industry, due to the addition in capacities, will put pressure on realisation. By concentrating on operational efficiencies and cost reduction measures in all areas of production and distribution, the Company will strive to protect and improve its profitability.

CONSERVATION OF ENERGY, ETC.

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1)(e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are set out in Annexure I to this report.

INDUSTRIAL RELATIONS & PERSONNEL

The Company has 2583 employees as on 31.3.2010. Industrial relations in all the Units continue to be cordial and healthy. Employees at all levels are extending their full support and are actively participating in the various programmes for energy conservation and cost reduction. There is a special thrust on Human Resources Development with a view to promoting creative and group effort.



In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company Secretary.

AWARDS

The Company's Units secured many Awards during the year in Mines Safety and Quality Circles.

The Alathiyur unit had won the National Level award for Environmental Excellence in Limestone Mining for the year 2007 – 2008 and 2008 – 2009 instituted by National Council for Cement and Building Materials (NCCBM).

DIRECTORS

At the Board Meeting held on 5th August 2009, Shri.M.B.N.Rao has been co-opted as an Additional Director and will hold office till the date of the forthcoming AGM. A Notice has been received from a Member signifying his intention to propose the appointment of Shri.M.B.N.Rao as Director of the Company at the AGM.

The Government of Tamil Nadu appointed Shri.G.Sundaramurthi, I.A.S., Industries Commissioner and Director of Industries and Commerce, as their Nominee Director on the Company's Board with effect from 21.12.2009 in the place of Shri.G.Sanathanam, I.A.S.

The Directors place on record the valuable guidance and services rendered by Shri.G.Sanathanam, I.A.S., during the tenure of his office as Nominee Director on the Company's Board.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr.A.Ramakrishna retires by rotation and is eligible for re-election.

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March 2010 were Rs.3.22 Crores including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. This also includes 49 deposits aggregating to Rs.18.82 lacs which had fallen due on or before 31.3.2010 but not claimed by the depositors. Reminders have been sent to these depositors for disposal instructions. On the date of this report, Rs.2.67 lacs thereof have been claimed and refunded/renewed in respect of 15 depositors.

SHARES

The Company's shares are listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

AUDITORS

M/s.M.S.Jagannathan & N.Krishnaswami, Chartered Accountants and M/s.CNGSN & Associates, Chartered Accountants, Auditors of the Company retire at the end of the 52nd Annual General Meeting and are eligible for reappointment.

COST AUDITOR

The Government has approved the Company's proposal to appoint M/s.Geeyes & Co., Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31.3.2010 on a remuneration of Rs.90,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

MADRAS CEMENTS LTD.

CORPORATE GOVERNANCE

The Company has complied with the requirements regarding Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on Corporate Governance followed by the Company together with a Certificate from the Statutory Auditors confirming compliance is set out in Annexure II to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that –

- * In the preparation of the annual accounts for the year ended 31st March 2010, the applicable accounting standards had been followed;
- * The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- * Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- * The Annual Accounts were prepared on a going concern basis.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

Chennai
24-5-2010

On behalf of the Board of Directors,
for MADRAS CEMENTS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988.

A. Conservation of Energy

- (a) Energy conservation measures taken

Jayanthipuram

Installation of Grid Resistance Regulator in the place of Liquid Rotor Starter for Line 1 Coal Mill Fan.

Installation of Slip Power Recovery System in the place of Grid Resistance Regulator in Line 2 Raw Mill Baghouse Fan.

Installation of Slip Power Recovery System in the place of Liquid Rotor Starter in Line 2 Raw Mill Fan.

Alathiyur

Upgradation of Line 2 Raw Mill Classifier.

Installation of Grid Resistance Regulator in Line 2 Pre-heater Fan.

Installation of Slip Power Recovery System in Line 1 Raw Mill Fan.

Replacement of Booster fan with High Efficient Fan along with Liquid Resistance Regulator for speed control in Line 2 Cement Mill.

- (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy

Jayanthipuram

Replacement of Reciprocating Compressors with High Efficient Screw Compressors.

Alathiyur

Installation of Variable Frequency Drive for Line 2 Induced Draft Fan and Cement Mill Baghouse Fan.

Installation of high accuracy coal dosing feeder for Line 1 Kiln and Calciner.

Installation of Grid Resistance Regulator for Line 2 Raw Mill Baghouse Fan.

- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Jayanthipuram

Installation of Grid Resistance Regulator in Line 1 Coal Mill Fan has resulted in a saving of 50 KW/Hour.

Installation of Slip Power Recovery System in Line 2 Raw Mill Baghouse Fan has resulted in a power saving of 80 KW/Hour.

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Installation of Slip Power Recovery System in Line 2 Raw Mill Fan has resulted in a power saving of 450 KW/ Hour.

Alathiyur

Upgradation of Line 2 Raw Mill Classifier has resulted in a power saving of 350 KW/Hour.

Installation of Grid Resistance Regulator in Line 2 Pre-heater Fan has resulted in a power saving of 100 KW/ Hour.

Installation of Slip Power Recovery System in Line 1 Raw Mill Fan has resulted in a power saving of 250 KW/ Hour.

Replacement of Booster fan with High Efficient Fan along with Liquid Resistance Regulator for speed control in Line 2 Cement Mill has resulted in a power saving of 100 KW/Hour.

(d) Particulars relating to total energy consumption per unit of production are given in FORM A.

B Technology Absorption

(e) Particulars relating to efforts made in Technology Absorption are given in FORM B.

C Foreign Exchange Earnings and Outgo

| | | |
|---|---|--------------------------------------|
| (f) (i) Activities relating to exports | } | We have exported cement to Sri Lanka |
| (ii) Initiatives taken to increase exports | | |
| (iii) Development of new export markets for products and services | | |
| (iv) Export plans | | |
| (g) (i) Total Foreign Exchange used (including Capital Goods) | | Rs.27,330 lacs |
| (ii) Total Foreign Exchange earned | | Rs. 466 lacs |



FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

| | 2009 - 2010 | 2008-2009 |
|---|-----------------|-----------|
| 1. Electricity | | |
| (a) Purchased (including Power purchased from APGPCL) | | |
| Unit (Lac KWH) | 2012.48 | 1,445.80 |
| Total amount (Rs.in Lacs) | 8349.23 | 6024.64 |
| Rate per Unit (Rs.) | 4.15 | 4.17 |
| (b) Own Generation | | |
| (i) Through HFO Based Generator | | |
| Unit (Lac KWH) | 1464.24 | 676.03 |
| Unit per litre of HFO (KWH) | 3.90 | 3.96 |
| Cost per Unit (Rs.) | 6.48 | 5.30 |
| (ii) Through Thermal Generator | | |
| Units (Lac KWH) | 3199.83 | 3,162.69 |
| Units per kg. of fuel (KWH) | 1.27 | 1.31 |
| Cost per Unit (Rs.) | 2.28 | 3.72 |
| 2. Coal / Pet coke/ others | | |
| Quantity (Lac tonnes) | 7.77 | 7.01 |
| Total cost (Rs.in Lacs) | 34438.06 | 38,819.13 |
| Average rate (Rs.) | 4434.80 | 5,541.05 |
| 3. Furnace Oil | | |
| Quantity (Lac litres) | 381.69 | 180.50 |
| Total cost (Rs.in Lacs) | 8579.72 | 3,430.74 |
| Average rate (Rs.) | 22.48 | 19.01 |
| 4. Others - Diesel Oil | | |
| Quantity (Lac litres) | 10.29 | 6.99 |
| Total cost (Rs.in Lacs) | 361.06 | 244.83 |
| Average rate (Rs.) | 35.09 | 35.04 |

B. Consumption per unit of production

Product : Cement

Unit : Tonne

| | Standards | 2009 - 2010 | 2008-2009 |
|---------------------------------------|-----------|--------------|-----------|
| Electricity (KWH per tonne of cement) | 110 | 83.19 | 78.97 |
| Fuel (percentage of clinker) | 21 | 12.68 | 14.16 |

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FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

Research & Development (R&D)

1. Specific areas in which R&D carried out by the company

- a. Evaluation of the impact of different additives in the process.
- b. Effect of grinding aid on improving the strength of cement.
- c. Burnability studies for new Rawmix designs.
- d. Microscopic studies to analyse the clinker phases and crystals size.
- e. Development of Concrete Mix designs with different admixtures to suit the customer requirements.
- f. Developed high early strength by steam curing for Precast structures.
- g. Development of High grade concrete with high slump retention time and high early strength.
- h. Studies on Separator Efficiency for Cement Mills.

2. Benefits derived as a result of above R&D

- a. Uniform quality of clinker.
- b. Utilisation of Low cost additives.
- c. Maximising quality of cement with increased addition of Flyash.

3. Future plan of action

- a. Study on effect of Mineraliser in Raw mix
- b. Characterisation of fly ash from various sources to understand their role in chemistry and hydration.
- c. Development of new products for Dry Mix Plant.
- d. Study on the effect of replacement of aggregate with unground slag.
- e. Study on the effect of Metakaolin on the strength and durability properties of concrete.

4. Expenditure on R&D

| | Rs. in lacs |
|--|-------------|
| a. Capital | NIL |
| b. Recurring | 896.50 |
| c. Total | 896.50 |
| d. Total R & D expenditure as percentage of total income | 0.32 |

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation Not applicable
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. Not applicable



ANNEXURE II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Madras Cements Ltd. is assiduously following its self-determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., shareholders, creditors, customers and employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

The Company believes in continuous upgradation of technology to improve the quality of its production and productivity to achieve newer and better products for total customer satisfaction.

The Company lays great emphasis on team building and motivation. A contented and well developed worker will give to the Company better work and therefore better profits. The Company has strong faith in innate and infinite potential of human resources. It believes in the creative abilities of the people who work for the Company and believes in investing in their development and growth as foundation for strong and qualitative growth of the Organisation.

If there is no customer, there is no business. Customers' continued satisfaction and sensitivity to their needs are the Company's source of strength and security.

The Company also believes that as the Organisation grows, the society and the community around it should also grow.

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Engineering, etc. The Board has 6 Directors out of which 5 Directors are Non-Executive. As required by the Code of Corporate Governance, more than 50% of the Board of Directors consists of Independent Directors. For this purpose, the Director nominated by Government of Tamil Nadu is deemed to be an Independent Director. There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, six Board Meetings were held, one each on 10.04.2009, 29.05.2009, 23.07.2009, 05.08.2009, 27.10.2009 and 28.01.2010.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

| Sl.No. | Name of the Director | Directorship | No. of Board Meetings attended | % of Meetings attended during the year |
|--------|---------------------------------|--------------|--------------------------------|--|
| 1. | Shri P.R.Ramasubrahmaneya Rajha | CMD | 6 | 100 |
| 2. | Shri G.Santhanam, I.A.S* | ND | – | – |
| 3. | Shri G. Sundaramurthi, I.A.S** | ND | 1 | 17 |
| 4. | Shri P.R.Venketrama Raja | PD | 4 | 67 |
| 5. | Dr. A. Ramakrishna | ID | 5 | 83 |
| 6. | Shri R.S.Agarwal | ID | 6 | 100 |
| 7. | Shri M.B.N. Rao** | ID | 3 | 50 |

CMD – Chairman & Managing Director;
ID – Independent Director;

ND – Nominee Director;
PD – Promoter Director.

* Shri.G. Santhanam, I.A.S., ceased to be a Director with effect from 21.12.2009.

** During the year, Shri M.B.N. Rao became a Director on 5.8.2009 and Shri. G.Sundaramurthi, I.A.S., on 21.12.2009.

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The previous Annual General Meeting of the Company was held on 5th August, 2009 at Rajapalayam. The following Directors attended the Annual General Meeting :

| Sl. No. | Name of the Director |
|---------|--------------------------------------|
| 1. | Shri P.R.Ramasubrahmaneya Rajha, CMD |
| 2. | Shri P.R.Venketrama Raja |
| 3. | Dr.A.Ramakrishna |
| 4. | Shri R.S.Agarwal |

CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Board Members and Senior Management Personnel of the Company. The Code of Conduct is given below :-

1) FOR DIRECTORS

A Director being a Trustee of the Shareholders shall –

- i. Act always in the best interest of the Shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

2) FOR SENIOR MANAGEMENT PERSONNEL

A Senior Management person is one who occupies the rank of General Manager or above and notified from time to time as a Senior Management person.

A Senior Management personnel shall –

- i. By his personal behaviour and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviours.
- iii. Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorised in writing by the Management.
- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the company unless authorised by the Management.
- vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management.

The Code of Conduct has also been posted on the Company's website www.madrascements.com



3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters in detail and to monitor the activities falling within the terms of reference. The Board Committees are as follows:

a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

- i) To review the reports of Internal Audit Department;
- ii) To review the Auditors' Report on the financial statements;
- iii) To review the strength and weakness of the internal controls and to provide recommendations relating thereto.
- iv) To generally assist the Board to discharge their functions more effectively.

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed by the Code of Corporate Governance and Companies Act from time to time.

Composition:

The Audit Committee consists of the following Directors:

| SI. No. | Name of the Director | No. of Meetings attended |
|---------|---|--------------------------|
| 1. | Shri R.S.Agarwal, Chairman of the Committee | 4 |
| 2. | Shri P.R.Venketrama Raja | 2 |
| 3. | Dr.A.Ramakrishna | 4 |

No. of Meetings held during the year : 4

Date of the meetings : 28-05-2009, 21-07-2009, 26-10-2009 & 27-01-2010

The Statutory Auditors, Executive Director (Finance) and Head of Internal Audit Department are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

2/3rd of the members of the Audit Committee are Independent Directors as required by the Code of Corporate Governance.

(b) PROJECT MANAGEMENT COMMITTEE

| SI. No. | Name of the Director |
|---------|--------------------------------------|
| 1. | Shri P.R.Ramasubrahmaneya Rajha, CMD |
| 2. | Shri P.R.Venketrama Raja |
| 3. | Dr.A.Ramakrishna |

No. of Meetings held during the year : Nil

(c) REMUNERATION COMMITTEE

| SI. No. | Name of the Director |
|---------|---|
| 1. | Shri R.S.Agarwal, Chairman of the Committee |
| 2. | Dr.A.Ramakrishna |

No. of Meetings held during the year : 1

Date of the meetings : 28-05-2009

MADRAS CEMENTS LTD.

(d) INVESTORS GRIEVANCE COMMITTEE

| Sl. No. | Name of the Director |
|---------|--------------------------------------|
| 1. | Shri P.R.Ramasubrahmaneya Rajha, CMD |
| 2. | Shri P.R.Venketrama Raja |

No. of meetings held during the year : 1
Date of the meeting : 31-03-2010
No. of complaints received and redressed during the year : 6

(e) SHARE/DEBENTURE COMMITTEE

| Sl. No. | Name of the Director |
|---------|--------------------------------------|
| 1. | Shri P.R.Ramasubrahmaneya Rajha, CMD |
| 2. | Shri P.R.Venketrama Raja |

During the year under review, eleven meetings were held to consider transfer and transmission of Shares and Debenture matters.

The above Committees meet as and when necessity arises.

4. BOARD PROCEDURE

The details about performance of the various Units of the Company, financial position, legal action, quarterly results, market environment and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information complies with the requirements of the Code of Corporate Governance with regard to the information to be placed before the Board of Directors.

No Director is a Member in more than 10 Committees or acts as Chairman of more than 5 Committees of Companies in which he is a Director. Every Director informs the Company about the position he occupies in other Companies and notifies the changes as and when they take place.

5. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Managing Director are given under Note No.6 of Schedule V - Notes on Accounts.

The non-executive directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.15,000/- for each meeting of the Board / Committees of the Board attended by them. No Sitting Fee is payable for attending the Meetings of the Share/Debenture Committee.

6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2010.

| Name of the Director | No. of Shares |
|------------------------------|---------------|
| Shri G.Sundaramurthi, I.A.S. | Nil |
| Shri P.R.Venketrama Raja | 9,28,800 |
| Dr.A.Ramakrishna | 80,200 |
| Shri R.S.Agarwal | 45 |
| Shri M.B.N.Rao | Nil |



7. MANAGEMENT

The matters that are required to be discussed under Management Discussion and Analysis report have been included in the Directors' Report to the shareholders. Whenever commercial and financial transactions have been entered with Companies in which Directors are interested, the nature of interest is being disclosed to the Board of Directors.

8. SHAREHOLDERS

For appointment/reappointment of Directors, shareholders are being provided with information at the Annual General Meeting about the Directors, their expertise and Companies in which they are interested. The information are also included in the Notice calling the Annual General Meeting.

AUDITORS' CERTIFICATE

This is to certify that we, the Auditors of M/s.Madras Cements Ltd., Rajapalayam, have reviewed the compliance by the Company of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges and report that all the conditions contained therein have been complied with by the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants

P. SANTHANAM
Partner
Membership No. 18697

Chennai
24-5-2010

For CNGSN & ASSOCIATES
Chartered Accountants

C.N. GANGADARAN
Partner
Membership No. 11205

MADRAS CEMENTS LTD.

SHAREHOLDER INFORMATION

DETAILS OF LOCATION

Registered Office

'Ramamandiram'
Rajapalayam-626 117, Tamil Nadu

Corporate Office

Auras Corporate Centre, V Floor,
98-A, Dr.Radhakrishnan Road,
Mylapore, Chennai-600 004, Tamil Nadu

Cement Division

Cement Plants

Ramasamy Raja Nagar-626 204
Virudhunagar District, Tamil Nadu

Alathiyur, Cement Nagar-621 730
Ariyalur District, Tamil Nadu

Govindapuram Village-621 713
Ariyalur District, Tamil Nadu

Jayanthipuram, Kumarasamy Raja Nagar-521 457
Krishna District, Andhra Pradesh

Mathodu-577 533, Hosadurga
Chitradurga District, Karnataka

Grinding Plants

Kattuputhur Village, Uthiramerur,
Kancheepuram District-603 107, Tamil Nadu.

Singhipuram Village, Valapady
Salem District-636 115, Tamil Nadu.

Kolaghat-721 135
Purba Medinipur District, West Bengal.

Packing Plants

Kumarapuram, Aralvaimozhi-629 301.
Kanyakumari District, Tamil Nadu.

Pochampally Road, Malkapur-508 252.
Nalgonda District, Andhra Pradesh.

Ready Mix Concrete Plant

Medavakkam - Mambakkam Road
Vengaivasal, Chennai-601 302, Tamil Nadu

Dry Mortar Plant

F-14, SIPCOT Industrial Park
Sriperumbudur-602 106
Kancheepuram District, Tamil Nadu

Ramco Research & Development Centre

11-A, Okkiyam, Thuraipakkam
Chennai-600 096, Tamil Nadu

Wind Farm Division

(a) Muppandal, Poolavadi, Thandayarkulam,
Veeranam, Muthunaickenpatti, Pushpathur and
Udumalpet in Tamil Nadu.

(b) Vani Vilas Sagar and GIM II Hills in Karnataka.

Person to be contacted for shareholder enquiries

K.SELVANAYAGAM
Secretary (Compliance Officer)
Madras Cements Ltd.
Auras Corporate Centre, V Floor
98-A, Dr.Radhakrishnan Road
Mylapore, Chennai-600 004, Tamil Nadu
Phone: 28478666 Fax: 28478676
E Mail : ksn@madrascemts.co.in

Share Transfer Documents are to be sent to the above address. The Share Transfer matters are being handled in-house.

Listing on Stock Exchanges

The Company's shares are listed on Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited for which Listing Fees for the year 2010-2011 has been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.

Stock Code

| Name of the Stock Exchange | Code |
|----------------------------|--------------|
| Madras Stock Exchange | .. MCM |
| Bombay Stock Exchange | .. 500260 |
| National Stock Exchange | .. MADRASCEM |



GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

| Year ended | Date | Time | Venue |
|------------|-----------|----------|---|
| 31-3-2007 | 27-7-2007 | 10.15 AM | P.A.C.R Centenary Community Hall, Sudarsan Gardens P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu. |
| 31-3-2008 | 11-8-2008 | 10.15 AM | -do- |
| 31-3-2009 | 5-8-2009 | 10.15 AM | -do- |

No resolution on matters requiring postal ballot as per Section 192A of the Companies Act, were passed during the year.

Ensuing Annual General Meeting

| Date | Time | Venue |
|----------|------------|---|
| 2-8-2010 | 10.15 A.M. | P.A.C.R.Centenary Community Hall, Sudarsan Gardens P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu. |

FINANCIAL CALENDAR

(For the Financial year April 2009 to March 2010)

| | |
|--|---|
| Board Meeting for consideration of Accounts and recommendation of dividend | 24-5-2010 |
| Posting of Annual Report | On or before 7-7-2010 |
| Book Closure date | 27-7-2010 to 2-8-2010 (both days inclusive) |
| Last date for receipt of Proxy form | 31-7-2010 |
| Date of the 52 nd AGM | 2-8-2010 |
| Dividend Payment date | Date of the AGM |

MEANS OF COMMUNICATION

The Unaudited Quarterly and Half Yearly Financial Results and Audited Annual Results are published in English in Business Line (All editions), The New Indian Express and Trinity Mirror (Chennai editions) and in Tamil in Dinamani and Makkal Kural (Chennai editions). The results were also displayed on the Company's website www.madrascements.com

All the financial results are provided to the Stock Exchanges.

The unaudited financial results are, in addition, individually mailed to all the shareholders.

Official News releases are given directly to the Press.

The Ratings given by ICRA for the Company's Debt instruments are as under:

| Security | Rating |
|--|--------|
| Commercial Papers/MIBOR Loan and Short Term Debt | A1+ |
| Cash Credit Facilities | LA+ |
| Non-Fund Based Facilities | |
| * Short Term | A1+ |
| * Long Term | LA+ |
| Long Term Loans | LA+ |

MADRAS CEMENTS LTD.

DEPOSITORY SYSTEM

The Company's shares have been mandated for trading in dematerialized form by all categories of investors with effect from 17-1-2000. The Company's shares are available for dematerialization both under National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31st March 2010, 92.37% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No.INE 331A01037

SHARES HELD IN ELECTRONIC FORM

Shareholders holding shares in electronic form may please note that:

- i) all instructions regarding bank details which they wish to be incorporated in their dividend warrants will have to be submitted to their Depository Participants. As per the Regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company;
- ii) instructions already given by them in respect of shares held in physical form will not be applicable to the dividend paid on shares held in electronic form and the Company will not entertain any request for deletion/change of bank details already printed on dividend warrants contrary to the information received from the concerned Depositories;
- iii) all instructions regarding change of address, nomination, power of attorney etc. should be given directly to their Depository Participants and the Company will not entertain any such requests directly from shareholders.

REDRESSAL OF GRIEVANCES

There are no pending Share or Debenture transfers as on 31.3.2010.

Complaints from shareholders with regard to Non-receipt of Certificates after transfer, Non-receipt of dividend, Non-receipt of Annual Reports, etc. are being acted upon by the Company immediately on receipt. The Company has taken steps to redress the grievances received during the year except in cases where, in the opinion of the Company, the matter is to be referred to Court or have already been referred to Courts.

Any shareholder who is having grievance may kindly e-mail to investorgrievance@madrascements.co.in

DISCLOSURES

- i) The Company has no related party transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant related party transactions. A summary of the significant related party transactions have been disclosed under "Notes on accounts".
- ii) There has been no penalty/stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

CORPORATE SOCIAL RESPONSIBILITY

The Company's total expenditure towards Corporate Social Responsibility (CSR) for various Charitable causes, including for renovation of temples and for social developments amounted to Rs.447.21 lacs.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March 2010.

for MADRAS CEMENTS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director
Chennai
24-5-2010

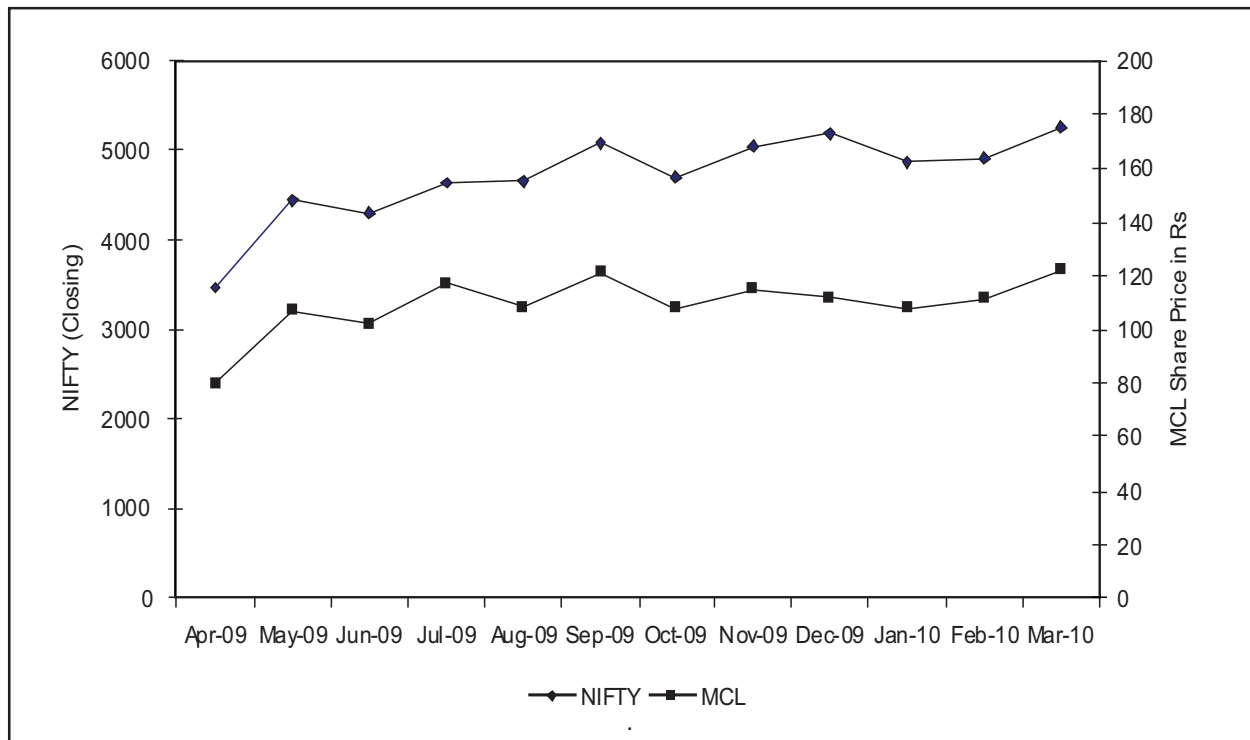


STATISTICAL DATA

Share Price - High & Low / Volume (From April 2009 to March 2010 in NSE & BSE)

| Month | National Stock Exchange | | | Bombay Stock Exchange | | |
|-----------------------|-------------------------|-----------|----------------------|-----------------------|-----------|----------------------|
| | High Rs. | Low Rs. | No. of shares Traded | High Rs. | Low Rs. | No. of shares Traded |
| April 2009 | 86 | 70 | 9445668 | 86 | 70 | 6261915 |
| May | 117 | 80 | 12085459 | 117 | 80 | 7649751 |
| June | 122 | 93 | 13060129 | 122 | 93 | 7853976 |
| July | 122 | 95 | 14063160 | 123 | 95 | 9047406 |
| August | 119 | 97 | 9288234 | 119 | 100 | 4445937 |
| September | 129 | 104 | 11711902 | 128 | 104 | 7190513 |
| October | 128 | 105 | 7288441 | 128 | 106 | 4191680 |
| November | 117 | 99 | 7111296 | 117 | 100 | 3278081 |
| December | 122 | 112 | 3396524 | 122 | 111 | 1764032 |
| January 2010 | 140 | 104 | 8383777 | 140 | 91 | 5838624 |
| February | 132 | 105 | 3851442 | 120 | 101 | 1909466 |
| March | 127 | 111 | 5365192 | 126 | 111 | 2363480 |
| Year 2009-2010 | 140 | 70 | 105051224 | 140 | 70 | 61794861 |

MCL Share Price Movement



MADRAS CEMENTS LTD.

Pattern of Shareholding as on 31-3-2010

| Description | Total Shareholders | % | Total Shares | % |
|--|--------------------|---------------|------------------|---------------|
| A. PROMOTERS HOLDING | | | | |
| 1. Promoters | 13 | 0.04 | 99967560 | 42.01 |
| Sub-total | 13 | 0.04 | 99967560 | 42.01 |
| B. NON-PROMOTERS HOLDING | | | | |
| 1. Mutual Funds | 25 | 0.08 | 12934109 | 5.44 |
| 2. Banks, FI's, Ins.Cos., Govt. Institutions | 17 | 0.06 | 32587086 | 13.69 |
| 3. Foreign Institutional Investors | 31 | 0.10 | 18955787 | 7.97 |
| 4. Non-Resident Indians | 537 | 1.77 | 1046842 | 0.43 |
| 5. Indian Companies | 633 | 2.08 | 17790360 | 7.48 |
| 6. Residents | 29137 | 95.87 | 54687636 | 22.98 |
| Sub-total | 30380 | 99.96 | 138001820 | 57.99 |
| Total | 30393 | 100.00 | 237969380 | 100.00 |

Distribution of Shareholding as on 31-3-2010

| No. of Shares held | Total Shareholders | % | Total Shares | % |
|--------------------|--------------------|---------------|------------------|---------------|
| 1 to 500 | 23162 | 76.21 | 3073253 | 1.29 |
| 501 to 1000 | 2414 | 7.94 | 2087727 | 0.88 |
| 1001 to 2000 | 1592 | 5.24 | 2753117 | 1.16 |
| 2001 to 3000 | 469 | 1.54 | 1253970 | 0.53 |
| 3001 to 4000 | 777 | 2.56 | 3021164 | 1.27 |
| 4001 to 5000 | 253 | 0.83 | 1203827 | 0.51 |
| 5001 to 10000 | 774 | 2.55 | 5915440 | 2.48 |
| 10001 & above | 952 | 3.13 | 218660882 | 91.88 |
| Total | 30393 | 100.00 | 237969380 | 100.00 |

Category of Shareholding as on 31-3-2010

| No. of Shares Held | Total Shareholders | % | Total Shares | % |
|---------------------|--------------------|---------------|------------------|---------------|
| Dematerialised Form | | | | |
| CDSL | 8093 | 26.63 | 6796649 | 2.86 |
| NSDL | 21193 | 69.73 | 213007868 | 89.51 |
| Physical Form | 1107 | 3.64 | 18164863 | 7.63 |
| Total | 30393 | 100.00 | 237969380 | 100.00 |



AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of **Madras Cements Ltd.**, Rajapalayam as at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. As per representations made by the company and its Directors, no Director is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For M.S.JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
P.SANTHANAM
Partner
Membership No. : 18697
Firm Registration Number:001208S

Chennai
24-5-2010

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
Partner
Membership No. 11205
Firm Registration Number:004915S

MADRAS CEMENTS LTD.

ANNEXURE TO THE AUDITORS' REPORT

With reference to paragraph 3 of our report to the shareholders of Madras Cements Ltd. of even date, in our opinion and to the best of knowledge and belief as per the information and explanation given to us and on the basis of the books and records examined by us in the normal course of audit, we report that:

- i (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.
(c) The fixed assets disposed during the year were not substantial and therefore the going concern status of the company has not been affected.
- ii (a) The management has conducted physical verification at reasonable intervals in respect of its inventory.
(b) The procedure for physical verification of inventory followed by the management is reasonable and is adequate in relation to the size of the company and the nature of its business.
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii (a) The company has granted loans aggregating to Rs.54.00 crores (maximum outstanding at any time during the year Rs.30 crores, outstanding as on 31-Mar-2010 – Rs.8.50 crores) to 3 parties listed in the register maintained under section 301 of the Companies Act, 1956.
(b) The rate of interest and other terms and conditions of loans given by the company are not, *prima facie*, prejudicial to the interest of the company.
(c) The payment of the principal amounts and the interest wherever applicable are regular.
(d) There is no overdue amount with respect to above loans.
(e) The company has taken loans aggregating to Rs.21.47 crores (maximum outstanding at any time during the year Rs.9.04 crores, outstanding as on 31-Mar-2010 - Rs.0.17 crores) from 1 party listed in the register maintained under section 301 of the Companies Act, 1956.
(f) The rate of interest and other terms and conditions of loan taken by the company are not, *prima facie*, prejudicial to the interest of the company.
(g) The loans given/taken by the company are repayable on demand and have been received/paid on demand.
- iv The company has an internal control system which is adequate and is commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There are no major weaknesses in internal controls system.
- v (a) Particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
(b) These transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi The company has accepted deposits from the public and the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under where applicable have been complied with.
- vii The company has an internal audit system commensurate with its size and nature of its business.
- viii The cost accounts and the records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 have been made and maintained.
- ix (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
(b) The disputed statutory dues aggregating to Rs.117.98 crores that have not been deposited on account of matters pending before appropriate authorities are as under



| Sl. No. | Name of the statute | Forum where dispute is pending | Amount (Rs. in crores) |
|--------------|--|-------------------------------------|------------------------|
| 1 | Sales Tax Act | Assessing Authority | 0.54 |
| | | Assistant Commissioner, Appeals | 4.37 |
| | | Appellate Tribunal | 2.51 |
| | | High Court | 0.89 |
| 2 | VAT Act | High Court | 0.69 |
| 3 | Central Excise Act & CENVAT Credit Rules | Assistant / Additional Commissioner | 63.43 |
| | | Commissioner, Appeals | 0.52 |
| | | Appellate Tribunal | 28.85 |
| | | High Court | 0.28 |
| | | Supreme Court | 7.21 |
| 4 | Service Tax | Original Authority | 0.78 |
| | | Appellate Tribunal | 7.91 |
| Total | | | 117.98 |

- x The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi The company has not defaulted in repayment of dues to financial institutions, banks or debentures holders.
- xii The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv The terms and conditions of the guarantee given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the company.
- xvi The Company has raised new term loans during the year and these have been applied for the purposes for which they were raised.
- xvii The funds raised on short-term basis have not been used for long-term investment.
- xviii The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix The company has no outstanding amount under Debentures that require creation of security/charge.
- xx The company has not raised any money by way of public issues during the year.
- xxi No fraud on or by the company has been noticed or reported during the year.

For M.S.JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants

P.SANTHANAM
Partner
Membership No. 18697
Firm Registration Number:001208S

Chennai
24-5-2010

For CNGSN & ASSOCIATES
Chartered Accountants

C.N.GANGADARAN
Partner
Membership No. 11205
Firm Registration Number:004915S

MADRAS CEMENTS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

| SOURCES OF FUNDS | Schedule | As at 31-03-2010 | As at 31-03-2009 |
|---|----------|-----------------------|-----------------------|
| Shareholders' Funds | | | |
| Share Capital | A | 23,79,69,380 | 23,79,69,380 |
| Reserves & Surplus | B | 1534,35,72,669 | 1236,39,61,496 |
| | | 1558,15,42,049 | 1260,19,30,876 |
| Loan Funds | | | |
| Secured Loans | C | 1884,27,89,002 | 1762,87,73,446 |
| Unsecured Loans | D | 682,22,89,114 | 700,57,44,685 |
| | | 2566,50,78,116 | 2463,45,18,131 |
| Deferred Tax Liability | | 585,10,00,000 | 489,89,00,000 |
| | | 4709,76,20,165 | 4213,53,49,007 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 4811,14,32,496 | 3917,59,12,657 |
| Less: Depreciation | | 1118,62,20,348 | 917,90,83,483 |
| Net Block | | 3692,52,12,148 | 2999,68,29,174 |
| Add: Capital Work-in-progress | | 317,70,01,678 | 635,36,80,470 |
| | | 4010,22,13,826 | 3635,05,09,644 |
| Investments | F | 88,74,08,827 | 88,61,48,327 |
| Current Assets, Loans & Advances | | | |
| Inventories | G | 412,54,17,103 | 328,88,88,686 |
| Sundry Debtors | H | 155,50,84,287 | 89,79,85,341 |
| Cash & Bank Balances | I | 35,59,85,429 | 38,60,88,037 |
| Loans & Advances | J | 532,00,52,539 | 456,49,50,252 |
| | | 1135,65,39,358 | 913,79,12,316 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | K | 426,46,48,128 | 335,35,28,804 |
| Provisions | L | 119,77,60,298 | 105,02,79,655 |
| | | 546,24,08,426 | 440,38,08,459 |
| Net Current Assets | | 589,41,30,932 | 473,41,03,857 |
| Miscellaneous Expenditure | | 21,38,66,580 | 16,45,87,179 |
| | | 4709,76,20,165 | 4213,53,49,007 |
| Significant Accounting Policies | U | | |
| Notes on Accounts | V | | |

The schedules referred to above form part of the accounts

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
P.SANTHANAM
Partner
Membership No. 18697

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
Partner
Membership No. 11205

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

G.SUNDARAMURTHI
P.R.VENKETRAMA RAJA
R.S. AGARWAL
A.RAMAKRISHNA
M.B.N.RAO
Directors

Chennai
24-5-2010



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(In Rupees)

| | Schedule | For the year ended 31-03-2010 | For the year ended 31-03-2009 |
|--|----------|----------------------------------|----------------------------------|
| INCOME | | | |
| Sales | | 2953,54,72,427 | 2703,50,55,553 |
| Self consumption | | 18,27,80,648 | 25,88,97,352 |
| Gross Sales | | 2971,82,53,075 | 2729,39,52,905 |
| Less: Excise Duty & Cess | | 304,83,30,828 | 357,83,51,169 |
| Net Sales | | 2666,99,22,247 | 2371,56,01,736 |
| Value of Power generated from Wind mills | | 133,89,48,495 | 80,03,43,131 |
| Concrete Delivery Charges | | — | 4,58,31,141 |
| Other Income | M | 20,36,71,194 | 15,05,52,638 |
| Extraordinary Income | | 11,07,060 | — |
| Increase/(Decrease) in stock | N | 4,00,35,311 | 25,55,72,911 |
| | | <u>2825,36,84,307</u> | <u>2496,79,01,557</u> |
| EXPENDITURE | | | |
| Raw Materials consumed | | 402,42,53,530 | 324,84,98,447 |
| Power & Fuel | | 596,24,57,268 | 602,17,50,681 |
| Stores consumed | | 84,35,35,191 | 67,28,31,235 |
| Repairs & Maintenance | O | 39,71,83,615 | 33,54,80,480 |
| Salaries, Wages & Other amenities to staff | P | 137,33,25,451 | 109,94,56,901 |
| Administrative Expenses | Q | 37,60,84,895 | 33,42,38,885 |
| Rates and Taxes | R | 10,00,15,266 | 7,07,77,442 |
| Managing Director's Remuneration | | 27,91,04,756 | 28,71,42,662 |
| Packing charges | | 108,97,35,535 | 98,28,82,896 |
| Interest & Finance Charges | S | 150,87,56,127 | 110,00,74,782 |
| Depreciation | | 196,08,56,644 | 137,71,66,248 |
| Transportation & Handling Expenses | | 468,39,41,763 | 370,76,20,337 |
| Advertisement and Other Sales Promotion expenses | T | 30,53,39,976 | 22,84,02,551 |
| Corporate Social Responsibility Expenditure | | 4,47,20,895 | 4,38,84,590 |
| Extraordinary expenses | | — | 35,28,858 |
| Current tax provision | | 81,55,00,000 | 53,20,00,000 |
| Deferred tax provision | | 95,21,00,000 | 127,29,00,000 |
| Fringe benefit tax provision | | — | 1,41,00,000 |
| | | <u>2471,69,10,912</u> | <u>2133,27,36,995</u> |

MADRAS CEMENTS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(In Rupees)

| | Schedule | For the year ended 31-03-2010 | For the year ended 31-03-2009 |
|---|----------|-------------------------------------|-------------------------------------|
| Profit for the year | | 353,67,73,395 | 363,51,64,562 |
| Add: | | | |
| Balance brought forward | | 29,74,49,889 | 21,78,07,170 |
| Debenture Redemption Reserve written back | | — | 10,20,00,000 |
| Provision for Dividend written back | | — | 1,00,615 |
| Balance available for appropriation | | 383,42,23,284 | 395,50,72,347 |
| Appropriated as: | | | |
| Transfer to General Reserve | | 275,00,00,000 | 310,00,00,000 |
| Interim Dividend | | 35,74,65,570 | 23,83,10,380 |
| Tax on Interim Dividend | | 6,07,51,274 | 4,05,00,849 |
| Final Dividend | | 11,91,55,190 | 23,83,10,380 |
| Tax on Final Dividend | | 1,97,90,188 | 4,05,00,849 |
| Balance carried to Balance Sheet | | 52,70,61,062 | 29,74,49,889 |
| Earnings per share (Basic & Diluted) | | 15 | 15 |
| Significant Accounting Policies | U | | |
| Notes on Accounts | V | | |

The schedules referred to above form part of the accounts

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
P.SANTHANAM
Partner
Membership No. 18697

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
Partner
Membership No.11205

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

G.SUNDARAMURTHI
P.R.VENKETRAMA RAJA
R.S. AGARWAL
A.RAMAKRISHNA
M.B.N.RAO
Directors

Chennai
24-5-2010



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

| | As at 31-03-2010 | As at 31-03-2009 |
|--|---------------------|---------------------|
| SCHEDULE A | | |
| SHARE CAPITAL | | |
| Authorised: | | |
| 25,00,00,000 Shares of Rs.1/- each (PY: 25,00,00,000 Equity Shares of Rs.1/- each) | 25,00,00,000 | <u>25,00,00,000</u> |
| Issued: | | |
| 23,79,69,380 Equity Shares of Rs.1/- each (PY: 23,79,69,380 Equity Shares of Rs.1/- each) | 23,79,69,380 | <u>23,79,69,380</u> |
| Subscribed, called and paid up: | | |
| 23,79,69,380 Equity Shares of Rs.1/- each (PY: 23,79,69,380 Equity Shares of Rs.1/- each) | 23,79,69,380 | <u>23,79,69,380</u> |

Notes:

- i) 29,500 Equity Shares of Rs.1/- each were allotted as fully paid up, pursuant to a contract, without payment being received in cash.
- ii) 20,95,25,690 Equity shares of Rs.1/- each were allotted as fully paid Bonus Shares by capitalisation of General Reserve.
- iii) 1,70,500 Bonus shares of Rs.1/- each remain unallotted pending completion of required formalities.

SCHEDULE B

RESERVES AND SURPLUS

| | | | |
|---|-----------------------|-----------------------|-----------------------|
| Capital Redemption Reserve | 1,37,94,810 | 1,37,51,810 | |
| Add: Transfer from General reserve towards buy back of shares | — | 43,000 | |
| | 1,37,94,810 | <u>1,37,94,810</u> | 1,37,94,810 |
| Debenture Redemption Reserve | — | 10,20,00,000 | |
| Less: Withdrawn | — | 10,20,00,000 | |
| | — | <u>—</u> | <u>—</u> |
| General Reserve As per Last Balance Sheet | 1205,27,16,797 | 908,59,42,631 | |
| Add: | | | |
| Transfer from Profit & Loss Account | 275,00,00,000 | 310,00,00,000 | |
| | 1480,27,16,797 | <u>1218,59,42,631</u> | |
| Less: | | | |
| Utilised for Buy Back of shares | — | 1,41,97,144 | |
| Capitalised during the year | — | 11,89,85,690 | |
| Transfer to Capital Redemption Reserve | — | 43,000 | |
| Closing Balance | 1480,27,16,797 | <u>1205,27,16,797</u> | 1205,27,16,797 |
| Balance in Profit & Loss Account | 52,70,61,062 | | 29,74,49,889 |
| | 1534,35,72,669 | | <u>1236,39,61,496</u> |

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

| | As at 31-03-2010 | As at 31-03-2009 |
|--|-----------------------|-----------------------|
| SCHEDULE C | | |
| SECURED LOANS | | |
| Term Loans | | |
| - Rupee Loans from Banks (Note i) | 1671,30,38,314 | 1521,51,32,663 |
| Working capital borrowings from Banks: | | |
| - Rupee Loans (Note ii) | 87,97,50,688 | 73,44,68,283 |
| - Buyer's Credit | - | 17,91,72,500 |
| - Short Term Loans (Note i) | 125,00,00,000 | 150,00,00,000 |
| | <u>1884,27,89,002</u> | <u>1762,87,73,446</u> |

Notes :

- i) Secured by a *pari-passu* charge on the fixed assets of the company.
- ii) Secured by a *pari-passu* charge on current assets of the company.

SCHEDULE D

UNSECURED LOANS

| | | |
|-------------------------------|----------------------|----------------------|
| Fixed Deposits | 3,22,21,000 | 3,73,65,000 |
| Interest Free Sales Tax Loans | 618,83,75,357 | 578,32,96,664 |
| Short Term Loans & Borrowings | 60,16,92,757 | 118,50,83,021 |
| | <u>682,22,89,114</u> | <u>700,57,44,685</u> |



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE E

FIXED ASSETS

| (In Rupees) | | | | | | | | |
|---|--------------------------|---------------------------------|---|--------------------------|------------------------------|--|-------------------------------|-------------------------------|
| Particulars | Cost as at 01-04-2009 | Additions during the year | Sale/ Withdrawal during the year | Cost as at 31-03-2010 | Depreciation for the year | Depreciation written off upto 31-03-2010 | Net value as at 31-03-2010 | Net value as at 31-03-2009 |
| Land | 390,39,09,250 | 56,71,69,090 | 15,47,84,399 | 431,62,93,941 | - | - | 431,62,93,941 | 390,39,09,250 |
| Leasehold Land | 3,92,64,857 | 11,80,32,214 | - | 15,72,97,071 | 3,29,806 | 10,65,956 | 15,62,31,115 | 3,85,28,707 |
| Buildings | 156,15,41,109 | 191,20,49,871 | 4,25,302 | 347,31,65,678 | 5,60,25,537 | 31,58,66,392 | 315,72,99,286 | 130,17,40,464 |
| Plant & Machinery | 3182,81,02,282 | 634,89,76,499 | - | 3817,70,78,781 | 176,62,49,920 | 987,31,31,638 | 2830,39,47,143 | 2381,04,98,758 |
| Railway Siding | 28,71,28,358 | 2,56,58,589 | - | 31,27,86,947 | 1,10,24,916 | 11,62,75,960 | 19,65,10,987 | 18,18,77,313 |
| Workshop, Quarry Equipments, etc. | 36,03,76,291 | 6,09,54,831 | 22,10,175 | 41,91,20,947 | 1,97,14,195 | 24,30,69,037 | 17,60,51,910 | 13,70,21,449 |
| Research & Development Equipments | 61,08,90,776 | - | 4,42,06,381 | 56,66,84,395 | 4,04,87,776 | 34,04,42,140 | 22,62,42,255 | 26,89,40,349 |
| Furniture & Office Equipments | 45,36,39,013 | 9,36,30,969 | 7,23,780 | 54,65,46,202 | 5,59,85,216 | 24,21,86,028 | 30,43,60,174 | 26,72,79,584 |
| Vehicles | 11,72,49,180 | 1,29,15,438 | 15,17,625 | 12,86,46,993 | 1,02,65,832 | 5,03,59,623 | 7,82,87,370 | 7,62,71,887 |
| Aircraft | 1,38,11,541 | - | - | 1,38,11,541 | 7,73,446 | 38,23,574 | 99,87,967 | 1,07,61,413 |
| Total | 3917,59,12,657 | 913,93,87,501 | 20,38,67,662 | 4811,14,32,496 | 196,08,56,644 | 1118,62,20,348 | 3692,52,12,148 | 2999,68,29,174 |

Notes:

- 1) Land includes cost of development and extraction of mineral rights of Rs.13,10,33,000/-
- 2) Aircraft represents 1/6th share in a joint ownership.
- 3) Depreciation includes amortisation of leasehold lands.

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

| | As at 31-03-2010 | (In Rupees) As at 31-03-2009 |
|---|-----------------------------|---|
| SCHEDULE F | | |
| INVESTMENTS | | |
| Non-Trade | | |
| a) Unquoted | | |
| Shares in Q 1186 The Madras Cements Employees' Co-operative Stores Ltd. | 2,500 | 2,500 |
| National Savings Certificate | - | 25,000 |
| Fully paid-up Equity Shares in: | | |
| AP Gas Power Corporation Ltd. (16,08,000 Equity Shares) (Note No.16 of Schedule V) | 22,11,96,984 | 22,11,96,984 |
| Sri Vishnu Shankar Mill Ltd. (2100 Shares including 1050 Bonus Shares) | 78,750 | 78,750 |
| b) Quoted | | |
| Investment in Mutual Funds/Bonds: | | |
| HDFC Balance Fund | 11,24,099 | 9,45,659 |
| 12.4% Government of India Loans (Face value Rs.50,00,000/-) | 50,75,000 | 50,75,000 |



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE F (Contd.)

| | | | | (In Rupees) | |
|---|---------------|----------------------|--------------|----------------------|--------------|
| | | | | As at | As at |
| | | | | 31-03-2010 | 31-03-2009 |
| Fully paid-up Equity Shares in Companies: | | | | | |
| Name of the Company | No. of shares | Total face value Rs. | Cost Rs. | | |
| Ramco Industries Limited (including 92,06,250 Bonus shares) | 1,33,72,500 | 1,33,72,500 | 20,53,67,162 | | |
| Ramco Systems Limited (including 4,84,000 shares allotted pursuant to scheme of Demerger of Ramco Systems Limited) | 21,17,810 | 2,11,78,100 | 36,91,01,577 | | |
| Associated Cement Companies Ltd. (including 4 Bonus shares) | 103 | 1,030 | 2,065 | | |
| India Cements Ltd. (including 29 Bonus shares) | 58 | 580 | 958 | | |
| Andhra Cements Ltd. | 111 | 1,110 | 1,825 | | |
| Heidelberg Cement India Ltd (Formerly known as Mysore Cements Ltd.) (including 20 Bonus shares) | 170 | 1,700 | 5,600 | | |
| Chettinad Cement Corporation Ltd. (including 50 Bonus shares) | 100 | 1,000 | 500 | | |
| Rajapalayam Mills Ltd. (including 6400 Bonus shares) | 3,62,800 | 36,28,000 | 8,11,96,000 | | |
| Housing Development Finance Corporation Ltd. (including 1740 Bonus shares) | 3,480 | 34,800 | 46,950 | | |
| HDFC Bank Ltd. | 500 | 5,000 | 5,000 | | |
| Indbank Merchant Banking Services Ltd. | 50,000 | 5,00,000 | 20,00,000 | | |
| Tamil Nadu Newsprint & Papers Ltd. | 22,700 | 2,27,000 | 24,97,000 | | |
| Indian Bank | 2,792 | 27,920 | 2,54,072 | | |
| Industrial Development Bank of India Ltd. (including 5340 Bonus shares) | 14,240 | 1,42,400 | 11,57,000 | | |
| | | | | 66,16,35,709 | 66,16,35,709 |
| | | | | 88,91,13,042 | 88,89,59,602 |
| Less: Provision for diminution in value of investments | | | | 17,04,215 | 28,11,275 |
| | | | | 88,74,08,827 | 88,61,48,327 |
| Aggregate value of : | | | | | |
| Quoted Investments - Cost (after Considering diminution in value) | | | | 66,61,30,593 | 66,48,45,093 |
| Quoted Investments - Market value | | | | 114,19,07,574 | 43,12,73,635 |
| Unquoted Investments - Cost | | | | 22,12,78,234 | 22,13,03,234 |

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

| | As at 31-03-2010 | As at 31-03-2009 |
|--|----------------------|----------------------|
| SCHEDULE G | | |
| INVENTORIES | | |
| Raw Materials | 65,64,12,533 | 68,49,12,324 |
| Stores, Spares, Coal, Packing Materials, etc. | 281,85,51,013 | 202,55,67,147 |
| Process Stock | 35,27,57,153 | 42,04,40,771 |
| Finished Goods | 29,76,96,404 | 15,79,68,444 |
| | <u>412,54,17,103</u> | <u>328,88,88,686</u> |
| SCHEDULE H | | |
| SUNDRY DEBTORS | | |
| Unsecured | | |
| Debts outstanding for a period exceeding six months: | | |
| Considered good | 9,32,73,277 | 4,79,02,957 |
| Considered doubtful | 10,25,00,000 | 10,25,00,000 |
| Less: Provision for doubtful debts | <u>10,25,00,000</u> | <u>10,25,00,000</u> |
| | - | - |
| Other Debts, considered good | <u>146,18,11,010</u> | <u>85,00,82,384</u> |
| | <u>155,50,84,287</u> | <u>89,79,85,341</u> |
| SCHEDULE I | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 6,64,069 | 4,44,970 |
| Stamp paper & other imprest | 4,32,413 | 7,26,909 |
| Balances with scheduled banks: | | |
| In Current account | 32,68,51,801 | 36,20,12,756 |
| In Dividend Warrant account | 2,73,81,527 | 2,01,45,339 |
| In Deposit account | <u>6,55,619</u> | <u>27,58,063</u> |
| | <u>35,48,88,947</u> | <u>38,49,16,158</u> |
| | <u>35,59,85,429</u> | <u>38,60,88,037</u> |



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

| | As at 31-03-2010 | As at 31-03-2009 |
|---|----------------------|----------------------|
| SCHEDULE J | | |
| LOANS AND ADVANCES (Considered Good, Unsecured) | | |
| Advances recoverable in cash or in kind | 375,60,06,462 | 342,94,60,739 |
| Advance Income-tax paid, Income-Tax Deducted at Source and Refund receivable | 113,44,98,693 | 84,52,72,957 |
| Deposits with Govt. Departments and others | 22,63,46,544 | 18,77,68,577 |
| MAT Credit Entitlement | 16,90,00,000 | 8,48,00,000 |
| Prepaid Expenses | 3,42,00,840 | 1,76,47,979 |
| | 532,00,52,539 | 456,49,50,252 |
| SCHEDULE K | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 164,81,58,696 | 111,13,48,432 |
| Other Liabilities | 15,00,02,993 | 23,15,95,567 |
| Deposits and Customers Balances | 243,34,97,415 | 197,84,89,358 |
| Interest accrued but not due on loans | 55,57,412 | 1,19,00,023 |
| Unclaimed Dividends | 273,81,527 | 2,01,45,339 |
| Unclaimed Redeemable Preference Shares | 50,085 | 50,085 |
| | 426,46,48,128 | 335,35,28,804 |
| SCHEDULE L | | |
| PROVISIONS | | |
| Provision for Taxation | 96,52,88,920 | 69,60,87,426 |
| Equity Dividend and Tax thereon | 13,89,45,378 | 27,88,11,229 |
| Provision for Leave Encashment | 9,35,26,000 | 7,53,81,000 |
| | 119,77,60,298 | 105,02,79,655 |

MADRAS CEMENTS LTD.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| | For the year ended 31-03-2010 | (In Rupees) For the year ended 31-03-2009 |
|--------------------------------------|--|--|
| SCHEDULE M | | |
| OTHER INCOME | | |
| Interest Receipts (TDS Rs.41,97,725) | 3,42,40,039 | 5,17,69,881 |
| Income from Investments - Non-Trade | 1,05,68,673 | 1,36,83,067 |
| Scrap Sales and Other receipts | 9,48,55,866 | 2,92,21,196 |
| Rent Receipts | 6,40,06,616 | 5,58,78,494 |
| | <u>20,36,71,194</u> | <u>15,05,52,638</u> |
| SCHEDULE N | | |
| INCREASE/(DECREASE) IN STOCK | | |
| Closing Stock: | | |
| Process stock | 35,27,57,153 | 42,04,40,771 |
| Finished goods | 29,76,96,404 | 15,79,68,444 |
| | <u>65,04,53,557</u> | <u>57,84,09,215</u> |
| Opening Stock: | | |
| Process stock | 42,04,40,771 | 16,68,25,194 |
| Finished goods | 15,79,68,444 | 16,08,37,156 |
| | <u>57,84,09,215</u> | <u>32,76,62,350</u> |
| Increase/(Decrease) in stock | 7,20,44,342 | 25,07,46,865 |
| ED on stock variance | -3,20,09,031 | 48,26,046 |
| Net increase/(decrease) in stock | <u>4,00,35,311</u> | <u>25,55,72,911</u> |
| SCHEDULE O | | |
| REPAIRS AND MAINTENANCE | | |
| Repairs to Buildings | 7,42,73,863 | 5,66,16,294 |
| Repairs to Plant & Machinery | 27,72,23,125 | 15,06,66,229 |
| Repairs to Vehicles/Locomotives | 3,52,58,458 | 2,50,07,114 |
| Repairs - General | 1,04,28,169 | 10,31,90,843 |
| | <u>39,71,83,615</u> | <u>33,54,80,480</u> |



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| | For the year ended 31-03-2010 | For the year ended 31-03-2009 |
|--|----------------------------------|----------------------------------|
| (In Rupees) | | |
| SCHEDULE P | | |
| SALARIES, WAGES AND OTHER AMENITIES TO STAFF | | |
| Salaries, Wages & Bonus | 112,18,00,677 | 89,75,58,967 |
| Contribution to Gratuity Fund | 4,82,67,444 | 3,98,32,761 |
| Contribution to Provident Fund | 6,50,12,285 | 5,21,64,254 |
| Contribution to Superannuation Fund | 3,38,99,831 | 3,09,88,849 |
| Workmen & Staff Welfare Expenses | 10,43,45,214 | 7,89,12,070 |
| | 137,33,25,451 | 109,94,56,901 |
| SCHEDULE Q | | |
| ADMINISTRATIVE EXPENSES | | |
| Insurance | 4,76,59,806 | 3,74,79,590 |
| Travelling Expenses | 5,65,87,385 | 5,48,35,196 |
| Postage, Telegrams and Telephones | 1,79,59,404 | 1,62,79,980 |
| Rent | 3,82,66,518 | 2,55,07,808 |
| Bank Charges | 65,80,487 | 72,04,382 |
| Stationery, Printing & EDP Expenses | 11,38,68,545 | 9,76,71,122 |
| Security Charges | 3,87,93,529 | 3,13,76,363 |
| Other Miscellaneous Expenses | 1,80,15,536 | 1,95,74,550 |
| Subscription | 30,93,243 | 22,47,163 |
| Brokerage & Manager Fees | - | 75,500 |
| Newspapers & Periodicals | 6,75,952 | 6,62,075 |
| Office Lighting | 1,51,28,950 | 1,70,97,295 |
| Consulting & Retainer Fees | 46,76,254 | 51,25,048 |
| Cement Cess | 58,91,006 | 48,51,051 |
| Legal Expenses | 34,79,718 | 48,09,922 |
| Laboratory Expenses | 16,57,361 | 14,73,801 |
| Filing Fees & Registration Fees | 9,13,712 | 11,78,309 |
| Remuneration to Auditors & Audit Expenses | 14,19,466 | 10,95,640 |
| Board Meeting Expenses | 5,16,948 | 4,12,259 |
| Directors' Sitting Fees | 4,65,000 | 4,20,000 |
| Loss on Sale of Assets (net) | 4,36,075 | 48,61,831 |
| | 37,60,84,895 | 33,42,38,885 |

MADRAS CEMENTS LTD.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(In Rupees)

| | For the year ended 31-03-2010 | For the year ended 31-03-2009 |
|---|--|----------------------------------|
| SCHEDULE R | | |
| RATES & TAXES | | |
| Input VAT Credit Reversals | 4,40,25,580 | 4,13,56,576 |
| Others | 5,59,89,686 | 2,94,20,866 |
| | <u>10,00,15,266</u> | <u>7,07,77,442</u> |
| SCHEDULE S | | |
| INTEREST AND FINANCE CHARGES | | |
| Interest on Debentures & Other Fixed Loans | 139,38,71,578 | 90,54,07,257 |
| Interest on Other Loans | 11,48,84,549 | 19,46,67,525 |
| | <u>150,87,56,127</u> | <u>110,00,74,782</u> |
| SCHEDULE T | | |
| ADVERTISEMENT & OTHER SALES PROMOTION EXPENSES | | |
| Advertisement Expenses | 8,70,87,208 | 9,11,56,996 |
| Agency Commission | 5,42,19,020 | 2,90,08,623 |
| Other Selling Expenses | 14,41,39,954 | 7,84,53,382 |
| Discounts, Rebates, etc. | 1,78,38,899 | 2,59,71,791 |
| Bad debts | 20,54,895 | 38,11,759 |
| | <u>30,53,39,976</u> | <u>22,84,02,551</u> |



SCHEDULE U

SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation of financial statements

1. The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.
2. The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

B Investments

All investments being long term & non-trade are valued at cost. Provision for diminution is made to recognise the decline other than temporary, in the value of investments.

C Fixed assets

Fixed Assets are accounted at acquisition cost (net of CENVAT / VAT wherever applicable) less accumulated depreciation. Depreciation has been provided on straight-line basis at the rates specified under rules/Schedule XIV to the Companies Act, 1956, prevailing at the time of acquisition of the asset. The lands acquired under lease, other than the cost of development and extraction of mineral rights, are amortised equally over the lease period and such amount is included in Depreciation.

D Inventories

1. Raw-materials, stores, spares, coal, packing materials, etc. are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition or net realizable value whichever is lower.
2. Process Stock is valued at weighted average cost, including the cost of conversion. The cost of conversion includes direct costs, including a systematic allocation of production and administration overheads.
3. Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition including excise duty.

E Sales

Net Sales exclude Excise Duty, Education Cess, Secondary and Higher education Cess and VAT / CST.

F Income from Wind Mills

1. Under wheeling and banking arrangement:
Units generated from windmills are adjusted against the consumption of power at our factories. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges has been included in power & fuel. The value of unadjusted units as on the Balance Sheet date has been included in Advances recoverable in cash or in kind under the schedule Loans and Advances.
2. Under Power purchase agreement:
Units generated from windmills are sold to State Electricity Board at agreed rates and the income is included in value of power generated from wind mills.

G Employee Benefits

1. Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
2. Defined Contribution plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the profit and loss account for the year in which the employees have rendered services. The company contributes monthly to Provident Fund administered by the Government at 12% of employee's basic salary. The company also contributes annually for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs.1 Lac per annum to funds administered by trustees and managed by LIC of India. There are no other obligations other than the above defined contribution plans.

MADRAS CEMENTS LTD.

3. Defined Benefit Plan:

Gratuity:

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The company makes annual contributions to funds administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using the projected unit credit method.

Leave Encashment:

The company has a policy of encashing unavailed leave for its employees. The obligation for the leave encashment is recognised based on an independent external actuarial valuation as at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

H Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognised.

I Research & Development Expenditure

Expenditure on Research & Development of revenue nature incurred by the Company is charged to Profit & Loss Account under the respective revenue heads, while those of capital nature are treated as fixed assets.

J Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised as part of the cost of those assets as per AS-16. All other borrowing costs are charged to revenue.

K Foreign Currency Transactions

1. Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction.
2. Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in Foreign Currency are accounted at the rates as on the Balance Sheet date.
3. The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognised as income or expense over the life of the contract.
4. Exchange difference in respect of uncovered foreign currency liabilities are recognised in the profit and loss account.

L Earnings per share

Net profit after tax is divided by the weighted average number of equity shares including unissued Bonus shares outstanding during the year.

M Income-tax

The tax provision is considered as stipulated in AS-22 (Accounting for Taxes on Income) and includes current and deferred tax liability. The company recognises the deferred tax liability based on the accumulated timing difference using the current tax rate.

N Segment Reporting

The company identifies business segment as the primary segment as per AS-17. Under the primary segment, there are two reportable segments viz., Cement and Power generation from Windmills. These were identified considering the nature of the products, the differing risks and returns. The valuation of inter segment transfers are based on prevailing market prices.

The company caters mainly to the needs of the domestic market and thus there are no reportable geographical segments

O Miscellaneous Expenditure

Compensation paid under Voluntary Retirement Schemes, Mining development expenditure and amount spent for installation of fly ash handling equipments in Thermal power stations in connection with collection of fly ash which are expected to yield enduring benefits are held under Miscellaneous Expenditure and amortised over the expected beneficial period, not exceeding five years.



**SCHEDULE V
NOTES ON ACCOUNTS**

| | As at 31-3-2010 | Rs. in Lacs As at 31-3-2009 |
|--|----------------------------|-----------------------------------|
| 1. Contingent Liabilities: | | |
| 1.1 Estimated amount of contracts remaining to be executed on capital account and not provided for | 73925.42 | 28436.08 |
| 1.2 Liability on letters of credit opened by bankers for purchase of : | | |
| – Spares, Raw material & Fuel | 380.13 | 1954.82 |
| – Capital Goods | 21719.26 | 1445.43 |
| 1.3 Liability on guarantees given by the bankers | 3256.08 | 1806.48 |
| 1.4 Liability on guarantees given to bankers | 17538.00 | 11463.00 |

2. The tax liability for the company for the financial year 2009-10 is under MAT which works out to Rs.8997 Lacs. Out of this, the Company is entitled for MAT credit of Rs.842 Lacs. After Considering the MAT credit, the provision for current tax is Rs.8155 Lacs.

Income tax assessments have been completed upto the accounting year ended on 31st March 2007 i.e., Assessment Year 2007-08.

The break up of net deferred tax liability of Rs.58510 Lacs as at 31-3-2010 is as under:

| | Rs. in Lacs |
|--|-----------------------------------|
| Timing differences on account of: | Net deferred tax liability |
| Tax effect on difference between book depreciation and depreciation under the Income-tax Act, 1961 | 59126 |
| Tax effect of Amortisation of Deferred Revenue Expenditure | 50 |
| Tax effect of provision for Leave encashment | (-) 318 |
| Tax effect on provision for bad and doubtful debts | (-) 348 |
| Deferred tax liability (Net) | 58510 |

In the opinion of Management, the provision for deferred tax is not expected to crystallise into liability.

3. In respect of Sales Tax matters appeals are pending with the Appellate Authorities in respect of various issues amounting to Rs.2122.66 Lacs, (PY:Rs.2129.39 Lacs) against which Rs.1222.43 Lacs (PY:Rs.1113.38 Lacs) has been paid under protest and is held under "Loans and advances". Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, there may not be any tax liability.
4. The CENVAT credit disallowance on some of the inputs, capital goods, service tax on goods transports and levy of differential excise duty with consequential penalty, amounts to Rs.10898.43 Lacs as at 31-3-2010 (PY:Rs.9583.71 Lacs) and remain unpaid, against which the company has preferred appeals. Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, there may not be any liability.
5. Our petition filed against the judgement upholding the validity of The Cess and Other Taxes on Minerals (Validation) Act, 1992 in the Honourable Supreme Court has been ruled in our favour. Pursuant to the above judgement, the company is entitled to receive a sum of Rs.150 Lacs from the Government of Tamil Nadu and Rs.174 Lacs from the Government of Andhra Pradesh.

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6. Managing Director's Remuneration for the year 2009-2010:

| | (In Rupees) |
|-------------------------------------|---------------------|
| Salary | 24,00,000 |
| Commission | 27,60,01,265 |
| Provident fund | 2,88,000 |
| Medical reimbursements | 2,75,891 |
| Contribution to Superannuation fund | 1,00,000 |
| Other amenities | 39,600 |
| Total | 27,91,04,756 |

Computation of net profits in accordance with Section 349 of the Companies Act, 1956, for the purpose of calculating Managing Director's remuneration for the year ended 31-3-2010:

| | (In Rupees) |
|---|----------------------|
| Net Profit after tax as per Profit & Loss Account | 353,67,73,395 |
| Add: Remuneration to Managing Director | 27,91,04,756 |
| Provision for Current tax | 81,55,00,000 |
| Provision for Deferred tax | 95,21,00,000 |
| Sitting fees to Directors | 4,65,000 |
| | <u>204,71,69,756</u> |
| | 558,39,43,151 |
| Less: Profit on sale of assets u/s 349(3)(d) of the Companies Act | 7,40,976 |
| Provision for diminution in value of investments written back | 11,07,060 |
| Net profit u/s 349 of the Companies Act, 1956 | <u>558,20,95,115</u> |
| Remuneration to Managing Director @ 5% of the above | <u>27,91,04,756</u> |

7. "Short term Loans & Borrowings" under "Unsecured Loans" include Loans from Directors as detailed below:

| Name | (In Rupees) | |
|----------------------------------|------------------------------------|---------------------|
| | Closing balance as on 31-3-2010 | Interest accrued |
| Shri P.R. Ramasubrahmaneya Rajha | 16,92,757 | 1,16,473 |

8. The Writ Petitions filed by the company in the Honourable Madras High Court against Tamil Nadu Electricity Board (TNEB) towards levy of electricity tax at 15% on the generation of power from captive generator sets using furnace oil are pending. The levy pertains to the period 1-1-1992 to 30-10-1997. The amount remaining unpaid is Rs.84.93 Lacs.

9. The Chief Controlling Revenue Authority, Stamp and Registration Office, Gandhi Nagar, Ahmedabad issued a show cause notice to the Company, demanding a sum of Rs.313 Lacs as additional stamp duty with regard to debenture trust deeds executed by the Company in the year 2000 at Ahmedabad against which the company had obtained a stay order from the Honourable High Court of Gujarat. In February 2010, the Honourable High Court of Gujarat had quashed the demand notice of the Chief Controlling Revenue Authority.

10. Extraordinary income represents reversal of provision for diminution in value of investments created in earlier years for Rs.11.07 Lacs (PY: Nil).

11. Under the Jute Packing Materials (Compulsory use of packing commodities) Act, 1987, 50% of the cement produced should be supplied in jute bags. Failure to do so attracts a maximum fine equal to twice the cost of jute bags not used as required by the Act. In view of the competitive conditions prevailing in the market and consumer preference for paper and HDPE bags, the company was not able to use gunny bags. The Supreme Court upheld the Constitutional validity of the above Act. However, the Madras High Court and also a few other High Courts have stayed the implementation of the Jute Control Order, in the Writ Petitions filed by the Trade Unions, taking into account the health hazards associated with Jute Packing. Subsequently, Cement has been removed from the schedule of items required to be packed in Jute Packing Materials with effect from 1.7.97 vide Government of India Gazette Extraordinary No.472E dated 30.6.97. The amount that may become payable in case it is ultimately held that penalty is leviable for non-compliance of the Act during the intervening period is presently not quantifiable.



12. The company has charged off the following during the current year out of amount incurred in earlier years:

| | Rs. in Lacs |
|---|-------------|
| VRS expenses | 2.03 |
| Expenditure for installation of fly ash collection equipments in Thermal Power Stations | 18.57 |

The company has incurred Rs.687.44 Lacs during the current year (PY: Rs.373.04 Lacs) towards development of certain mines. Thus the total expenses of Rs.1091.40 lacs will be charged off in subsequent years after the commencement of its mining operations.

The company has also charged off Rs.242.46 lacs during the current year out of the total amount spent for mining expenses in the earlier years. The balance of Rs.727.39 lacs would be charged off to revenue during the next three years.

The company has also charged off Rs.62.87 Lacs during the current year out of the total amount spent for installation of fly ash handling equipments in Thermal power stations in connection with collection of fly ash in earlier years. The balance of Rs.188.60 would be charged off during next three years.

The company has incurred Rs.164.10 Lacs during the current year (PY:Rs.314.33 Lacs) towards installation of fly ash handling equipments in Thermal power stations in connection with collection of fly ash, out of which Rs.32.82 lacs was charged off during the current year. The balance of Rs.131.28 would be charged off during next four years.

| 13. Auditors' remuneration (excluding Service Tax) & expenses: | 2009-2010 | 2008-2009 |
|--|-------------------------|------------------|
| A. Statutory Auditors: | (Rs.) | (Rs.) |
| a. As Auditors | 10,00,000 | 8,00,000 |
| b. In other Capacities | | |
| (i) For Tax Audit | 65,000 | 65,000 |
| (ii) Certification Work | 50,000 | 50,000 |
| (iii) Expenses reimbursed | 2,14,466 | 90,640 |
| | <u>13,29,466</u> | <u>10,05,640</u> |
| B. Cost Auditors: | | |
| As Auditors | 90,000 | 90,000 |
| | <u>14,19,466</u> | <u>10,95,640</u> |

14. The Company's shares are listed on Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited for which Listing fees for the year 2009-10 has been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.
15. There are no dues to Micro and Small Enterprises as at 31-3-2010 (PY: Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
16. The company has invested Rs.2211.97 Lacs in Andhra Pradesh Gas Power Corporation Ltd (APGPCL) by purchasing its 16,08,000 equity shares. The investment entitles the company to source 6 MW power from APGPCL at economical rates compared to the rates charged by Andhra Pradesh State Electricity Board (APSEB). Considering the availability of power from captive sources at Jayanthipuram plant 11,12,200 shares equivalent to 4.15 MW power is being held jointly with the following related parties:

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| Name of the Related Party | Number of shares | Entitlement of power (MW) | Security Deposit Received (in Rs) |
|--|------------------|---------------------------|-----------------------------------|
| Rajapalayam Mills Limited | 2,27,800 | 0.85 | 8,50,000 |
| The Ramaraju Surgical Cotton Mills Ltd | 2,14,400 | 0.80 | 8,00,000 |
| Sri Vishnu Shankar Mill Ltd | 2,27,800 | 0.85 | 8,50,000 |
| Sandhya Spinning Mill Ltd | 2,27,800 | 0.85 | 8,50,000 |
| Sri Harini Textiles Limited | 2,14,400 | 0.80 | 8,00,000 |

APGPCL will supply the entitled power to the above related parties for which the charges will be paid by them directly. The Company is entitled to receive Rs.0.10 per unit for the power consumed by them by virtue of the joint ownership of the shares.

17. APSEB had hiked the wheeling charges with effect from 24-3-2002. As a result, the cost of power from APGPCL had gone up by Rs.0.84 per unit. APGPCL and other affected consumers including our company had filed appeals in the Honourable Andhra Pradesh High Court. The court passed orders in favour of the industries. APSEB has preferred an appeal to the Honourable Supreme Court and no stay has been granted.
18. Research and Development expenses for the year are Rs.896.50 Lacs (PY:Rs.817.86 Lacs) including Rs.473.04 Lacs towards Depreciation (PY:Rs.368.88 Lacs).
19. The unadjusted units generated from the Windmills as on 31-3-2010 are 835.99 Lacs KWH (PY:357.71 Lacs KWH) and its monetary value of Rs.2822.86 Lacs (PY:Rs.1079.99 Lacs) has been included in Loans & Advances.
20. The Pre-operative expenses incurred on account of insurance premium of Rs.31.66 Lacs (PY:Rs.269.98 Lacs) and borrowing costs of Rs.1906.62 Lacs (PY:Rs.6021.92 Lacs) relating to acquisition / construction of assets have been capitalized during the year.
21. The Director of Geology & Mining, Government of Tamil Nadu had raised additional Royalty demand on limestone, based on production of cement by a company instead of basing it on actual quantity of limestone mined. The demand for the company is Rs.9.66 crores for the period from the year 1989 to year 2001. In the Writ petitions filed by the company and other similarly affected companies, the Hon'ble Madras High court has stayed the demands of the Government.
22. Water Resources Department of PWD, Government of Tamil Nadu had raised a demand of Rs.1.13 crores contending that water charges are to be paid on the contracted quantity and not on the actual quantity of water drawn by the company from Arjuna river in Virudhunagr District. The demand pertains to the period from the year 1990 to year 2009. The company has obtained interim stay from the Honourable Madras High Court.
23. The premium on forward exchange contracts not intended for trading or speculation purpose is amortized as expenses over the life of the contract. During the current year Rs.37.13 Lacs (PY:Rs.43.07 Lacs) has been amortized and the same is included in Interest & Finance charges.
24. As per AS-15, the disclosures pertaining to "Employee Benefits", are given below:

Defined Contribution Plan:

| | 2009-10 | Rs. in Lacs 2008-09 |
|--|---------|------------------------|
| Employer's Contribution to Provident Fund | 650.12 | 521.64 |
| Employer's Contribution to Superannuation Fund | 339.00 | 309.89 |



Details of the post retirement gratuity plan (Funded) are as follows:

Reconciliation of opening and closing balances of obligation:

Rs. in Lacs

| | 2009-10 | 2008-09 |
|--|-----------|-----------|
| Defined Benefit obligation as at the beginning of the year | 1284.62 | 885.13 |
| Current Service Cost | 132.00 | 116.41 |
| Interest Cost | 93.03 | 63.60 |
| Actuarial loss | 387.00 | 293.83 |
| Benefits paid | (-) 88.39 | (-) 74.35 |
| Defined Benefit obligation as at the end of the year | 1808.26 | 1284.62 |

Reconciliation of opening and closing balances of fair value of plan assets:

| | | |
|---|-----------|-----------|
| Fair value of plan assets as at the beginning of the year | 1284.62 | 885.13 |
| Expected return on plan assets | 92.17 | 65.13 |
| Actuarial gain | 37.19 | 10.38 |
| Employer contribution | 482.67 | 398.33 |
| Benefits paid | (-) 88.39 | (-) 74.35 |
| Fair value of plan assets as at the end of the year | 1808.26 | 1284.62 |

Actual Return of plan assets:

| | | |
|--------------------------------|--------|-------|
| Expected return on plan assets | 92.17 | 65.13 |
| Actuarial gain on plan assets | 37.19 | 10.38 |
| Actual return on plan assets | 129.36 | 75.51 |

Reconciliation of fair value of assets and obligations:

| | | |
|--|---------|---------|
| Fair value of plan assets | 1808.26 | 1284.62 |
| Present value of obligation | 1808.26 | 1284.62 |
| Difference | Nil | Nil |
| Unrecognized past service cost - non vested benefits | Nil | Nil |
| Amount recognized in Balance Sheet | Nil | Nil |

Expense recognized during the year:

| | | |
|---|-----------|-----------|
| Current Service Cost | 132.00 | 116.41 |
| Interest Cost | 93.03 | 63.60 |
| Expected return on plan assets | (-) 92.17 | (-) 65.13 |
| Actuarial loss | 349.81 | 283.45 |
| Past service cost - non-vested benefits | Nil | Nil |
| Past service cost - vested benefits | Nil | Nil |
| Net Cost | 482.67 | 398.33 |

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| Investment Details as on 31-3-2010: | Rs. in Lacs | |
|---|------------------|-----------|
| | 2009-10 | 2008-09 |
| GOI Securities | 10.30 | 10.30 |
| State Government Securities | 3.40 | 3.40 |
| High Quality Corporate Bonds | 9.54 | 9.54 |
| Funds with LIC | 1665.84 | 1196.15 |
| Bank balance | 0.34 | 1.72 |
| Interest & IT refund receivable | 118.82 | 63.51 |
| Total | 1808.26 | 1284.62 |
| Actuarial assumptions: | | |
| LIC 1994-96 Ultimate Table applied for service mortality rate | Yes | Yes |
| Discount rate p.a | 8.00% | 7.50% |
| Expected rate of return on plan assets p.a | 6.22% | 6.22% |
| Rate of escalation in salary p.a | 4% | 4% |
| Details of the Leave encashment plan (Un-funded) are as follows: | | |
| Reconciliation of opening and closing balances of obligation: | | |
| Defined Benefit obligation as at the beginning of the year | 753.81 | 556.51 |
| Current Service Cost | 49.81 | 47.40 |
| Interest Cost | 54.44 | 39.60 |
| Actuarial loss | 133.02 | 167.37 |
| Benefits paid | (-) 55.82 | (-) 57.07 |
| Defined Benefit obligation as at the end of the year | 935.26 | 753.81 |
| Reconciliation of opening and closing balances of fair value of plan assets: | | |
| Fair value of plan assets as at the beginning of the year | Nil | Nil |
| Expected return on plan assets | Nil | Nil |
| Actuarial (gain) / loss | Nil | Nil |
| Employer contribution | 55.82 | 57.07 |
| Benefits paid | (-) 55.82 | (-) 57.07 |
| Fair value of plan assets as at the end of the year | Nil | Nil |
| Actual Return of plan assets: | | |
| Expected return on plan assets | Nil | Nil |
| Actuarial (gain) / loss on plan assets | Nil | Nil |
| Actual return on plan assets | Nil | Nil |



Reconciliation of fair value of assets and obligations:

Rs. in Lacs

| | 2009-10 | 2008-09 |
|--|----------------|---------|
| Fair value of plan assets | Nil | Nil |
| Present value of obligation | 935.26 | 753.81 |
| Difference | 935.26 | 753.81 |
| Unrecognized past service cost - non vested benefits | Nil | Nil |
| Amount recognized in Balance Sheet | 935.26 | 753.81 |

Expense recognized during the year:

| | | |
|---|--------|--------|
| Current Service Cost | 49.81 | 47.40 |
| Interest Cost | 54.44 | 39.60 |
| Expected return on plan assets | Nil | Nil |
| Actuarial loss | 133.02 | 167.37 |
| Past service cost - non-vested benefits | Nil | Nil |
| Past service cost - vested benefits | Nil | Nil |
| Net Cost | 237.27 | 254.37 |

Investment Details as on 31-3-2010:

| | | |
|------------------------------|-----|-----|
| GOI Securities | Nil | Nil |
| State Government Securities | Nil | Nil |
| High Quality Corporate Bonds | Nil | Nil |
| Funds with LIC | Nil | Nil |
| Bank balance | Nil | Nil |
| Total | Nil | Nil |

Actuarial assumptions:

| | | |
|---|-------|-------|
| LIC 1994-96 Ultimate Table applied for service mortality rate | Yes | Yes |
| Discount rate p.a | 8.00% | 7.50% |
| Expected rate of return on plan assets p.a | Nil | Nil |
| Rate of escalation in salary p.a | 4% | 4% |

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25. The Segment Information for the year ended 31st March, 2010 is detailed below:

| | Rs.in Lacs | | | | | |
|---|------------|-----------|----------------|----------|-----------|-----------|
| | Cement | | Windmill Power | | Total | |
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| REVENUE | | | | | | |
| External Sales (Net) | 266699.22 | 245038.21 | 11180.43 | 5444.28 | 277879.65 | 250482.49 |
| Inter Segment Sale | | | 2209.06 | 2559.15 | 2209.06 | 2559.15 |
| Total Sales | 266699.22 | 245038.21 | 13389.49 | 8003.43 | 280088.71 | 253041.64 |
| Other income | | | | | 2036.71 | 1505.53 |
| Total Revenue | | | | | 282125.42 | 254547.17 |
| RESULT | | | | | | |
| Segment Result | 70375.45 | 71188.35 | 7118.92 | 3392.66 | 77494.37 | 74581.00 |
| Unallocated Income | | | | | 979.25 | 613.67 |
| Unallocated Expenses | | | | | 10695.80 | 10134.69 |
| Operating Profit | | | | | 67777.82 | 65059.98 |
| Interest Expense | | | | | 15087.56 | 11000.75 |
| Interest Income | | | | | 342.40 | 517.70 |
| Income tax - Current | | | | | 8155.00 | 5320.00 |
| - Deferred | | | | | 9521.00 | 12729.00 |
| - FBT | | | | | — | 141.00 |
| Profit from ordinary activities | | | | | 35356.66 | 36386.93 |
| Extraordinary Income | | | | | 11.07 | — |
| Extraordinary Expenses | | | | | — | 35.29 |
| Net Profit | | | | | 35367.73 | 36351.65 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 382810.69 | 329011.58 | 88969.33 | 88494.12 | 471780.02 | 417505.71 |
| Unallocated Assets | | | | | 53820.27 | 47885.87 |
| Total Assets | | | | | 525600.28 | 465391.58 |
| Segment Liabilities | 107631.43 | 94439.15 | 18.86 | 52.71 | 107650.29 | 94491.86 |
| Unallocated Liabilities | | | | | 262134.58 | 244880.40 |
| Total Liabilities | | | | | 369784.87 | 339372.27 |
| Capital Expenditure | 56113.84 | 91336.49 | 2236.65 | 28771.75 | 58350.49 | 120108.24 |
| Unallocated Capital Expenditure | | | | | 1276.60 | 9533.22 |
| Depreciation | 13827.14 | 8846.67 | 5303.47 | 4524.00 | 19130.61 | 13370.68 |
| Unallocated Depreciation Expenditure | | | | | 477.96 | 400.98 |
| Non-Cash expenses other than Depreciation | | | | | | |



26. Earnings per Share:

| Particulars | 2009-10 (Rs.) | 2008-09 (Rs.) |
|--|------------------|------------------|
| Net profit after tax (A) | 353,67,73,395 | 363,51,64,562 |
| Adjusted Weighted average number of Equity shares including un-issued Bonus shares (B) | 23,79,69,380 | 23,79,68,900 |
| Nominal Value per Equity Share | 1 | 1 |
| Basic & Diluted earnings per share (A)/(B) | 14.86 | 15.28 |
| Net profit after tax but before extraordinary items (C) | 353,56,66,335 | 363,86,93,420 |
| Basic & Diluted earnings per share excluding extraordinary items (C)/(B) | 14.86 | 15.29 |

27. Related party transactions:

As per AS-18, the Company's related parties are given below:

Key Managerial personnel and relatives:

P.R.Ramasubrahmaneya Rajha

P.R.Venketrama Raja

The Company's transactions with the above persons are furnished in Note No.6 and 7 above.

Enterprises over which the above persons exercise significant influence and with which the company had transactions during the year:

Rajapalayam Mills Limited

The Ramaraju Surgical Cotton Mills Limited

Ramco Industries Limited

Sri Vishnu Shankar Mill Ltd

Ramco Systems Limited

Sandhya Spinning Mill Ltd

Thanjavur Spinning Mill Limited

Sri Harini Textiles Limited

Rajapalayam Spinners Pvt Ltd

The Company's transactions with the above Related parties are summarised below:

1. *Remuneration to Managing Director:*

The details are provided under Note No.6

2. *Investments held jointly:*

The details are provided under Note No.16

3. *Inter corporate Deposits given:*

| Name of the Related Party | Maximum outstanding during the year (Rs) | Interest (Rs.) | Outstanding as on 31-3-2010 (Rs.) |
|--|--|----------------|-----------------------------------|
| Ramco Systems Limited | 20,00,00,000 | 1,46,90,414 | 8,50,00,000 |
| Sandhya Spinning Mill Ltd | 2,15,00,000 | 13,60,685 | Nil |
| The Ramaraju Surgical Cotton Mills Limited | 7,85,00,000 | 45,13,834 | Nil |

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4. Goods supplied:

Cement:

| Name of the Related Party | Quantity (Tonnes) | Value (Rs.) | Outstanding as on 31-3-2010 (Rs.) |
|--|-------------------|--------------|-----------------------------------|
| Rajapalayam Mills Limited | 285 | 11,80,804 | Nil |
| Ramco Industries Limited | 1,32,762 | 45,38,41,372 | 8,64,465 |
| Sandhya Spinning Mill Ltd | 208 | 8,20,650 | Nil |
| Sri Vishnu Shankar Mill Ltd | 153 | 5,79,550 | Nil |
| Thanjavur Spinning Mill Limited | 750 | 33,63,000 | Nil |
| Rajapalayam Spinners Pvt Ltd | 17 | 61,450 | Nil |
| Sri Harini Textiles Limited | 63 | 2,26,750 | Nil |
| The Ramaraju Surgical Cotton Mills Limited | 185 | 7,05,650 | Nil |

Electrical energy:

| Name of the Related Party | Quantity (Units) | Value (Rs.) | Outstanding as on 31-3-2010 (Rs.) |
|--|------------------|-------------|-----------------------------------|
| Thanjavur Spinning Mill Limited | 44,82,034 | 2,46,51,187 | Nil |
| The Ramaraju Surgical Cotton Mills Ltd | 47,00,910 | 2,58,55,005 | Nil |
| Sri Vishnu Shankar Mill Ltd | 43,18,376 | 2,37,51,068 | Nil |
| Rajapalayam Mills Ltd | 77,64,006 | 4,27,02,033 | Nil |
| Sandhya Spinning Mill Ltd | 18,45,099 | 1,01,48,045 | Nil |
| Rajapalayam Spinners Pvt Ltd | 4,46,047 | 24,53,258 | Nil |
| Ramco Industries Limited | 57,25,851 | 3,14,92,181 | Nil |

Others:

| Name of the Related Party | Quantity | Value (Rs.) | Outstanding as on 31-3-2010 (Rs.) |
|---------------------------------|----------|-------------|-----------------------------------|
| Ramco Industries Limited | | | |
| Spares | – | 2,91,874 | Nil |
| Sri Harini Textiles Limited | | | |
| Used Van | 1 No. | 18,849 | Nil |
| Thanjavur Spinning Mill Limited | | | |
| Dry Mix plaster | 2 Tons. | 32,000 | Nil |



5. *Cost of goods & services purchased /availed:*

| Name of the Related Party | Value of Goods and Services (Rs.) | Outstanding as on 31-3-2010 (Rs.) | Nature of goods / services |
|--|--|--|---|
| Ramco Industries Limited | 25,13,075 | Nil | Purchase of fibre sheets, boards |
| Ramco Systems Limited | 18,60,07,772 | (-) 25,09,447 | Purchase of software/ hardware products and availing software related services. |
| The Ramaraju Surgical Cotton Mills Ltd | 1,920 | Nil | Purchase of cotton & bandages |
| Thanjavur Spinning Mill Limited | 7,37,197 | Nil | Purchase of tor steel |

6. *Corporate Guarantee given:*

| Beneficiary | Bank Name | Guarantee Amount (Rs.) |
|---------------------------------|------------------------------|-------------------------------|
| Thanjavur Spinning Mill Limited | Axis Bank Ltd | 10,00,00,000 |
| | Tamilnad Mercantile Bank Ltd | 11,00,00,000 |
| Ramco Systems Limited | Corporation Bank | 20,00,00,000 |
| | Kotak Mahindra Bank Ltd | 25,00,00,000 |
| | IDBI Bank Ltd | 35,00,00,000 |
| | Indian Bank | 15,00,00,000 |
| Sandhya Spinning Mill Ltd | Indian Bank | 59,38,00,000 |

7. *Rent Receipts:*

| Name of the Related Party | Rent receipts (Rs.) | Outstanding as on 31-3-2010 (Rs.) |
|----------------------------------|----------------------------|--|
| Ramco Systems Limited | 6,95,36,120 | Nil |

28. Additional information pursuant to provision of paragraphs III & IV of part II of the Schedule VI of the Companies Act, 1956.

| (a) Annual Capacities and Production | UOM | 2009-2010 | 2008-2009 |
|---|-------------|--------------------|------------------|
| Installed | | | |
| -Cement (*) | Tons | 1,04,90,000 | 99,90,000 |
| - Readymix Concrete | Cu.Mtr/hour | 112 | 112 |
| - Dry Mortar Mix | Tons | 3,00,000 | 3,00,000 |
| - Wind Mills | MW | 185.59 | 181.59 |
| - Satellite Clinker Grinding facility (*) | Tons | 19,50,000 | - |
| Production | | | |
| - Cement | Tons | 80,26,118 | 65,26,080 |
| - Readymix Concrete | Cu.Mtr | 44,501 | 45,066 |
| - Dry Mortar Mix | Tons | 23,508 | 29,858 |
| - Power from wind Mills | Lac-KWH | 4,115.73 | 2,610.89 |

(*) Capacity Utilisation of clinker grinding facilities are subject to availability of clinker from mother plants.

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(b) Particulars in respect of Sales, Opening and Closing Stock of goods manufactured:

| | UOM | 2009-2010 | | 2008-2009 | |
|------------------------|--------|-----------|----------------|-----------|----------------|
| | | Quantity | Value (Rs.) | Quantity | Value (Rs.) |
| Opening Stock | | | | | |
| - Cement | Tons | 52,444 | 15,38,53,091 | 62,446 | 15,79,62,542 |
| - Dry Mortar Mix | Tons | 641 | 41,15,353 | 621 | 28,74,614 |
| Net Sales | | | | | |
| - Cement (Ref: Note 1) | Tons | 78,88,207 | 2624,00,00,570 | 64,72,294 | 2319,62,48,717 |
| - Clinker | Tons | – | – | 7,671 | 2,39,54,686 |
| - RMC | Cu.Mtr | 44,501 | 12,72,80,815 | 45,066 | 9,58,80,465 |
| - Dry Mortar Mix | Tons | 23,344 | 11,98,60,214 | 29,572 | 14,05,04,373 |
| - Dolomite | Tons | – | – | 604 | 1,16,143 |
| Self consumption | | | | | |
| - Cement | Tons | 65,703 | 18,21,27,600 | 55,541 | 25,77,98,175 |
| - Dry Mortar Mix | Tons | 176 | 6,53,048 | 171 | 10,99,177 |
| Closing Stock | | | | | |
| - Cement (Ref: Note 2) | Tons | 1,17,755 | 29,45,78,033 | 52,444 | 15,38,53,091 |
| - Dry Mortar Mix | Tons | 629 | 31,18,371 | 641 | 41,15,353 |

Note:

- 1) Including Exports of 13,287 Tons (PY: Nil).
- 2) After adjusting handling loss/loss in transit.

(c) Raw Materials consumed

| | UOM | 2009-2010 | | 2008-2009 | |
|---|------|-----------|---------------|-----------|---------------|
| | | Quantity | Value (Rs.) | Quantity | Value (Rs.) |
| 1) Cement | | | | | |
| Limestone | Tons | 89,41,910 | 185,65,47,235 | 68,89,477 | 120,48,94,684 |
| Gypsum | Tons | 2,99,013 | 41,42,52,628 | 2,50,098 | 41,13,13,555 |
| Dolomite/Feldspar | Tons | 98,121 | 8,21,87,117 | – | – |
| Iron ore | Tons | 73,282 | 7,26,52,474 | 72,029 | 7,21,10,368 |
| Bauxite/Laterite | Tons | 2,82,215 | 23,58,90,882 | 2,31,126 | 24,47,75,213 |
| Freight & Handling - Inter unit clinker transfer | | – | 42,74,66,971 | – | 31,65,88,062 |
| Material Handling Expenses | | – | 8,34,02,059 | – | 6,46,74,136 |
| Slag | Tons | – | – | 19,939 | 1,76,92,448 |
| Pozzolana Material | Tons | 15,66,689 | 70,61,30,663 | 18,88,433 | 75,22,44,503 |



| | UOM | 2009-2010 | | 2008-2009 | |
|--|------|-----------|----------------------|-----------|----------------------|
| | | Quantity | Value (Rs.) | Quantity | Value (Rs.) |
| 2) Ready Mix Concrete | | | | | |
| Cement | Tons | 11,883 | 3,91,23,118 | 12,142 | 4,10,02,060 |
| Sand including crushed sand | Tons | 32,504 | 95,44,153 | 34,700 | 1,09,98,978 |
| Blue Metal | Tons | 50,492 | 2,22,13,792 | 54,699 | 2,76,84,216 |
| Admixtures | Kgs | 92,630 | 27,94,820 | 76,461 | 21,84,131 |
| Others | Tons | 3,463 | 12,14,169 | 3,085 | 9,03,260 |
| 3) Dry Mortar Mix | | | | | |
| Cement/White cement | Tons | 15,158 | 4,86,14,656 | 20,037 | 6,15,71,838 |
| LS Powder/Hydrated lime/ Dolomite/Fly ash | Tons | 4,018 | 20,89,694 | 4,286 | 25,77,957 |
| Sand | Tons | 2,933 | 11,56,003 | 4,667 | 17,29,390 |
| Additives | Kgs | 69,039 | 1,89,73,096 | 58,482 | 1,54,53,231 |
| 4) Minerals processed for sale (*) | | | | | |
| Dolomite | Tons | — | — | 604 | 1,00,417 |
| (*) in Karnataka State | | | <u>402,42,53,530</u> | | <u>324,84,98,447</u> |
| (d) Value of imports calculated on C.I.F. basis | | | | | |
| Raw Materials | | | 4,85,32,825 | | 20,39,12,610 |
| Components and Spare Parts | | | 44,32,28,313 | | 18,25,87,414 |
| Capital Goods | | | 46,28,29,202 | | 51,75,60,779 |
| (e) Expenditure in Foreign Currencies | | | 177,84,21,630 | | 142,16,39,897 |
| (f) Earnings in Foreign Exchange | | | 4,65,98,430 | | — |
| (g) Exports | | | 4,65,98,430 | | — |

MADRAS CEMENTS LTD.

| (h) Value of Raw Materials, Stores & Spare parts consumed: | 2009-2010 | | 2008-2009 | |
|--|----------------------|---------------|----------------------|---------------|
| | Rs. | % | Rs. | % |
| (i) Raw materials | | | | |
| Imported | 17,44,53,131 | 4.34 | 15,84,07,823 | 4.88 |
| Indigenous | 384,98,00,399 | 95.66 | 309,00,90,624 | 95.12 |
| | <u>402,42,53,530</u> | <u>100.00</u> | <u>324,84,98,447</u> | <u>100.00</u> |
| (ii) Components & Spare parts | | | | |
| Imported | 10,68,05,260 | 12.66 | 18,25,87,414 | 27.14 |
| Indigenous | 73,67,29,931 | 87.34 | 49,02,43,821 | 72.86 |
| | <u>84,35,35,191</u> | <u>100.00</u> | <u>67,28,31,235</u> | <u>100.00</u> |

29. The figures of previous year have been regrouped / restated wherever necessary.

As per our report annexed

Signatures to Schedules 'A' to 'V'

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
P.SANTHANAM
Partner
Member ship No. 18697

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
Partner
Membership No.11205

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K. SELVANAYAGAM
Secretary

G.SUNDARAMURTHI
P.R.VENKETRAMA RAJA
R.S. AGARWAL
A.RAMAKRISHNA
M.B.N.RAO
Directors

Chennai
24-5-2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

| | | 2009-2010 | 2008-2009 |
|--|----------------|-------------------|--------------------|
| Cash flow from operating activities | | | (Rs. in Lacs) |
| Net profit before tax and prior period and extraordinary items | | 53032.66 | 54576.93 |
| Adjustments for: | | | |
| (Profit)/Loss on sale of assets | | 4.36 | 48.62 |
| Depreciation | | 19608.57 | 13771.66 |
| Interest & Dividend received | | (448.09) | (654.53) |
| Interest paid | | 15087.56 | 11000.75 |
| Deferred revenue expenditure written off | | 325.93 | 79.44 |
| Operating profit before working capital changes | | 87610.99 | 78822.87 |
| Adjustments for: | | | |
| Trade and other receivables | | (5171.74) | 2328.07 |
| Inventories | | (8365.28) | (8618.54) |
| Trade payables | | 2987.66 | (2421.15) |
| Cash generated from operations | | 77061.63 | 70111.25 |
| Direct Taxes paid | | 8927.00 | 6177.10 |
| Net cash from operating activities | A | 68134.63 | 63934.15 |
| Cash flow from Investing activities | | | |
| Purchase of fixed assets | | (58704.92) | (129165.03) |
| Sale of fixed assets | | 1574.94 | 82.19 |
| Interest & Dividend received | | 448.09 | 654.53 |
| Purchase of Investments | | (1.78) | (1.04) |
| Redemption of Investments | | 0.25 | 0.00 |
| Net cash used in investing activities | B | (56683.42) | (128429.35) |
| Cash flow from financing activities | | | |
| Proceeds from long term borrowing | | 54035.82 | 110553.12 |
| Proceeds from short term borrowings | | 6006.35 | 0.00 |
| Repayment of long term borrowings | | (35057.42) | (8629.51) |
| Repayment of short term borrowings | | (11840.25) | (36245.74) |
| Increase/(decrease) in working capital borrowings | | (2838.90) | 17103.22 |
| Payment of dividend and tax thereon | | (6970.28) | (5576.22) |
| Equity shares bought back | | 0.00 | (142.40) |
| Interest paid | | (15087.56) | (11000.75) |
| Net cash from financing activities | C | (11752.24) | 66061.72 |
| Net increase / (decrease) in cash and cash equivalents | (A+B+C) | (301.03) | 1566.52 |
| Opening balance of cash and cash equivalents | D | 3860.88 | 2294.36 |
| Closing balance of cash and cash equivalents | E | 3559.85 | 3860.88 |
| Net increase / (decrease) in cash and cash equivalents | (E-D) | (301.03) | 1566.52 |

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
P.SANTHANAM
Partner
Member ship No. 18697

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
Partner
Membership No.11205

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K. SELVANAYAGAM
Secretary

G.SUNDARAMURTHI
P.R.VENKETRAMA RAJA
R.S. AGARWAL
A.RAMAKRISHNA
M.B.N.RAO
Directors

Chennai
24-5-2010

MADRAS CEMENTS LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No 3 5 6 6 State Code 1 8
 Balance Sheet Date 3 1 - 0 3 - 1 0

II Capital raised during the year (Rs. in Thousands)

Public Issue N I L Rights Issue N I L
 Bonus Issue N I L Private Placement N I L

III Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities 4 7 0 9 7 6 2 0 Total assets 4 7 0 9 7 6 2 0

SOURCES OF FUNDS

Paid-up Capital 2 3 7 9 6 9 Reserves & Surplus 1 5 3 4 3 5 7 3
 Secured Loans 1 8 8 4 2 7 8 9 Unsecured Loans 6 8 2 2 2 8 9
 Deferred Tax Liability 5 8 5 1 0 0 0

APPLICATION OF FUNDS

Net Fixed Assets 4 0 1 0 2 2 1 4 Investments 8 8 7 4 0 9
 Net Current Assets 5 8 9 4 1 3 1 Misc. Expenditure 2 1 3 8 6 6
 Accumulated Losses N I L

IV Performance of Company (Rs. in Thousands)

Turnover* 2 8 2 1 3 6 4 9 Total Expenditure 2 2 9 0 9 2 7 6

*Turnover includes sale of Cement, RMC, Dry Mortar Mix, Wind Mill Generation and Other Income

Profit before tax 5 3 0 4 3 7 3 Profit after tax 3 5 3 6 7 7 3

Earnings per share (Rs.) 1 5 Dividend Rate % 2 0 0

V Generic Name of Three Principal Products of the Company

Item Code No. (ITC Code)

2 5 2 3 2 9 1 0

2 5 2 3 2 9 3 0

8 5 0 2 3 1 0 0

Product Description

O R D I N A R Y P O R T L A N D C E M E N T

P O R T L A N D P O Z Z O L A N A C E M E N T

W I N D P O W E R

MADRAS CEMENTS LTD.

“RAMAMANDIRAM”, RAJAPALAYAM - 626 117, TAMIL NADU

PROXY FORM

I/We Son of/Wife of/Daughter of.....
residing at being a member/
members of MADRAS CEMENTS LTD., do hereby appoint Sri/Smt/Miss.....
Son of/Wife of/Daughter of..... residing at
..... or failing him Sri/Smt/Miss
Son of/Wife of/Daughter of..... residing at.....
..... as my/our proxy to vote for me/us on my/our behalf at
the 52nd Annual General Meeting of the Company to be held on Monday, the 2nd August 2010
at 10.15 a.m. and at any adjournment thereof.

Signed this day of July 2010.

| Folio No / DP ID / CL ID | No. of Shares |
|--------------------------|---------------|
| | |

Affix 30 P
Revenue
Stamp and
Sign over it

N.B. : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.15 a.m. on Saturday, the 31st July 2010.

A view of the Chengalpattu Grinding Plant.

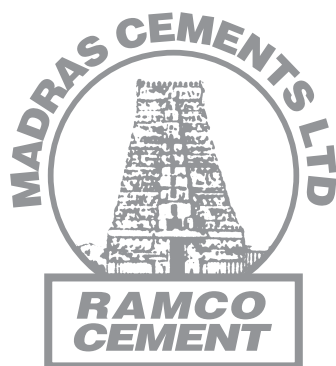


A view of the Salem Grinding Plant.

A view of the Kolaghat Grinding Plant.



YOU SURE HAVE A HEART,
SO YOU MUST HAVE SOME BLOOD TO DONATE



LET YOUR BLOOD RUSH IN
WHEN SOMEONE'S LIFE IS RUNNING OUT
