

Madras Cements Ltd.

Annual Report

2012-2013





Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha, meeting Honourable Chief Minister of Tamil Nadu, Selvi.J.Jayalithaa on 25.8.2012.



Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha, with Holiness Sri Sri Sri Bharati Tirtha Mahaswamiji of Sringeri during Swamiji's visit to Jayanthipuram Unit on 17.2.2013.



MADRAS CEMENTS LTD.

Board of Directors

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

Shri.HARMANDER SINGH, 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

Andhra Bank
Axis Bank Ltd
Bank of Baroda
Bank of Maharashtra
Canara Bank
Citi Bank
Deutsche Bank
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
Indian Bank
Indusind Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
Syndicate Bank
Tamilnad Mercantile Bank Ltd
The Bank of Nova Scotia
The Federal Bank Ltd
The Hongkong and Shanghai
Banking Corporation Ltd
Union Bank of India
Yes Bank 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
Unit-5, Ground Floor, Abirami Apartments
No.14, VOC Road, Cantonment
Tiruchirappalli – 620 001.

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

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MADRAS CEMENTS LTD.

TEN YEAR HIGHLIGHTS

DESCRIPTION	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Cement										
Capacity (lac tonnes)	59.9	59.9	59.9	59.9	79.9	99.9	104.9	104.9	104.9	124.9
Production (lac tonnes)	37.0	38.0	47.1	56.7	58.5	65.3	80.3	73.05	75.22	84.75
Windfarm										
Capacity (MW)	33.21	34.44	45.84	63.79	136.00	181.59	185.59	159.19	159.19	159.19
Generation (lac units)	485	445	378	657	1426	2611	4115	3572	2855	3247
Sales & Other Income (Rs. in Crores)	699.82	745.11	1013.35	1581.69	2021.35	2471.23	2821.25	2644.69	3256.58	3872.66
Operating Profit (Rs. in Crores)	167.12	160.43	215.52	563.50	761.76	793.49	877.29	657.31	969.77	1047.30
Cash Generation (Rs. in Crores)	113.25	115.36	147.71	409.92	639.16	628.52	644.97	435.65	811.32	868.79
Profit After Tax (Rs. in Crores)	33.40	55.92	79.02	308.02	408.29	363.52	353.68	210.98	385.11	403.65
Number of employees	1669	1642	1686	1955	2260	2447	2583	2593	2626	2787
Contribution to Exchequer (Rs. in Crores)	228	275	321	561	610	711	809	839	1186	1423
Face value per share (Rs.)	10	10	10	10	10	1	1	1	1	1
Earnings per share (Rs.)	28	46	65	255	343	15	15	9	16	17
Dividend per share (Rs.)	7.50	10	15	25	40	2	2	1.25	2.50	3
Dividend payout (Rs. in Crores)	9.07	12.10	18.14	30.24	48.03	47.66	47.66	29.79	59.58	71.49
Dividend payout %	27	22	23	10	12	13	13	14	15	18
Operating profit ratio %	23.88	21.53	21.27	35.63	37.69	32.11	31.10	24.85	29.78	27.04
Market price of share (Rs.)										
(a) High	980	1170	2245	3750	5072	198	140	134	169	274
(b) Low	330	595	932	1745	2500	55	70	85	76	134
(c) As on 31 st March	762	980	2164	2730	3349	71	122	102	154	254
Market capitalisation (Rs. in Crores)	920	1184	2614	3297	3986	1700	2897	2427	3659	6045
Net worth per share (Rs.)	237	274	323	550	799	52	65	73	86	100

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



NOTICE TO THE MEMBERS

Notice is hereby given that the 55th Annual General Meeting of the Company will be held at 11.00 AM on Monday, the 29th July 2013 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 Statement of Profit & Loss for the year ended 31st March 2013 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 2012-13.
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.7,50,000/- (Rupees Seven lakhs fifty thousand 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 a SPECIAL RESOLUTION:

“RESOLVED that the name of the Company be changed from MADRAS CEMENTS LIMITED to “THE RAMCO CEMENTS LIMITED”, subject to such approvals as may be necessary in accordance with Section 21 of the Companies Act, 1956 and to carry out the consequential changes in the Memorandum and Articles of Association of the Company”.

Chennai
30-05-2013

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 Item No:5 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 23-07-2013 to 29-07-2013 (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 29-07-2013 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 22-07-2013;

MADRAS CEMENTS LTD.

- (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 of the Central Government. Thereafter no claim shall lie against the 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 Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
31-03-2006 Final Dividend	27-07-2006	26-07-2013	25-08-2013
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	28-11-2013 28-02-2014 25-08-2014
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	21-11-2014 01-03-2015 09-09-2015
31-03-2009 Interim Dividend Final Dividend	29-01-2009 05-08-2009	28-01-2016 04-08-2016	27-02-2016 03-09-2016
31-03-2010 Interim Dividend Final Dividend	27-10-2009 02-08-2010	26-10-2016 01-08-2017	25-11-2016 31-08-2017
31-03-2011 Dividend	10-08-2011	09-08-2018	08-09-2018
31-03-2012 Interim Dividend Final Dividend	21-03-2012 02-08-2012	20-03-2019 01-08-2019	19-04-2019 31-08-2019

Chennai
30-05-2013

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



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

Item No.5

It is proposed to change the name of the Company from MADRAS CEMENTS LIMITED to "THE RAMCO CEMENTS LIMITED". RAMCO is the brand name under which the Company's products are sold. The name – "The Ramco Cements Limited" will make it easy to identify the name of the company with the brand under which the Company's cement is sold.

The identification of the Company's name with the brand name will be advantageous in the long run in Brand building.

Your Directors recommend the resolution for your approval.

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

Chennai
30-05-2013

By Order of the Board,
For MADRAS CEMENTS LTD.,
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 73, 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 also a Director in the following Companies:-

1. Ramco Industries Limited
2. The KCP Limited
3. The Andhra Sugars Limited
4. The Andhra Petrochemicals Limited
5. TAJ GVK Hotels and Resorts Limited
6. GVK Energy Limited
7. GVK Power & Infrastructure Limited
8. GVK Gautami Power Limited
9. Brigade Enterprises Limited
10. Bangalore International Airport Limited

MADRAS CEMENTS LTD.

11. International Infrastructure Consultancy Private Limited
12. Mumbai International Airport Private Ltd
13. GVK Jaipur Expressway Private Limited
14. Christiani & Nielsen (Thai) Public Company Limited, Thailand
15. GVK Industries Limited

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Madras Cements Limited	Audit Committee	Member
	Remuneration Committee	Member
	Project Management Committee	Member
Ramco Industries Limited	Audit Committee	Member
Christiani & Nielsen (Thai) Public Co. Limited, Thailand	Audit Committee	Member
GVK Gautami Power Limited	Audit Committee	Member
GVK Jaipur Expressway Private Limited	Audit Committee	Chairman
TAJGVK Hotels & Resorts Limited	Audit Committee	Chairman
GVK Power & Infrastructure Limited	Audit Committee	Member
	Remuneration Committee	Chairman
Mumbai International Airport Private Limited	Audit Committee	Member
The KCP Limited	Audit Committee	Member
Brigade Enterprises Limited	Audit Committee	Member
GVK Energy Limited	Audit Committee	Member
Bangalore International Airport Limited	Audit Committee	Member
The Andhra Petrochemicals Limited	Audit Committee	Member

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



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 55th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

	Year ended 31-03-2013 (Rs. in crores)	Year ended 31-03-2012 (Rs. in crores)
Total Revenue	3872.66	3256.58
Operating Profit: Profit before Interest, Depreciation and Tax (PBIT)	1047.77	970.26
Less : Interest	178.51	158.45
Profit before Depreciation and Tax (PBDT)	869.26	811.81
Less : Depreciation	280.58	253.90
	588.68	557.91
Less : Prior Period & Extraordinary items	0.47	0.49
Net Profit before Tax	588.21	557.42
Less : Provision for Tax		
Current Tax	117.38	112.13
Deferred Tax	67.18	60.18
Net Profit After Tax	403.65	385.11
Add: Balance Profit from last year	69.93	54.06
Surplus for Appropriation	473.58	439.17
Appropriations:		
1. Transfer to General Reserve	300.00	300.00
2. 1 st Interim Dividend	23.83	47.66
3. 2 nd Interim Dividend	23.83	—
4. Final Dividend	23.83	11.92
5. Tax on Dividends	11.78	9.66
Balance carried over to Balance Sheet	90.31	69.93
TOTAL	473.58	439.17

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.1/- per share on the equity capital of the Company. Together with the 1st Interim Dividend of Rs.1/- per share and 2nd Interim Dividend of Rs.1/- per share paid during the year, the total dividend for the year is Rs.3/- per share. For the previous year, the Company had paid a dividend of Rs.2.50 per share.

The total dividend for the year amounts to Rs.71.49 crores as against Rs.59.58 crores for the previous year.

TAXATION

An amount of Rs.117.38 crores towards Current Tax, Rs.67.18 crores towards Deferred Tax and Rs.11.78 crores towards Dividend Tax has been provided for the year under review.

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MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

PARTICULARS	April 2012 to March 2013	April 2011 to March 2012	Change over previous year	
	(In Tonnes)	(In Tonnes)	(In Tonnes)	(In %)
PRODUCTION				
Clinker	6323033	5602365	720668	13
Cement	8475412	7521888	953524	13
SALES				
Cement	8360142	7549629	810513	11

During the year under review, the cement production has increased to 84.75 lakh tonnes compared to 75.22 lakh tonnes of the previous year, showing an increase of 13%.

In the Directors' Report for the year 2011-12, it was informed that the Line-2 at Ariyalur with 2 Million Tonnes Per Annum (MTPA) capacity was commissioned upto clinkerisation in 2011-12. The cement grinding with Polycor Roll Press mill was completed in 2012-13. With this the cement manufacturing capacity of the Company has increased to 12.49 MTPA.

The projects of installing a Roll Press Mill at Ramasamy Raja Nagar Cement Plant and at Salem Grinding Unit for increasing the cement grinding capacity were also completed during the year.

During the year, the Company has undertaken the following improvements:

RAMASAMY RAJA NAGAR

Installation of new impact crusher with screening system to increase the limestone crushing capacity.

Installation of new fly ash handling system, consisting of fly ash silo, bucket elevators and airslide gallery for transfer of fly ash.

Installation of new bagfilter for the Line-2 Coal Mill.

Installation of alternate fuel feeding system, comprising of an elevator and belt conveyor with dosing arrangement.

The above projects have contributed towards increase in the productivity by way of removing criticality in the production processes, reduction in emissions, optimisation of fuel consumption levels, etc.

SALES

During the year under review, even though on All India basis, the cement industry has shown a growth of 7%, Madras Cements Ltd has registered a growth of 11% in Sale of Cement. In absolute terms, the sale of cement has increased to 83.60 lakh tonnes compared to 75.50 lakh tonnes of the previous year.

The sale value of cement for the current year, net of Excise Duty and VAT amounts to Rs.3,627.30 crores as against Rs.3,093.83 crores for the previous year.

Out of the total sales for the year, 0.84 lac tonnes of cement was exported as against 0.46 lac tonnes during the previous year. The export turn over of the Company for the year was Rs.28.70 crores as against Rs.14.26 crores of the previous year.

COST

During the year under review, there had been constant upward revision in the price of diesel, in aggregate amounting to an increase of Rs.7.83 per litre, which works out to 18% over previous year. This had resulted in increase in the cost



of road transport for inward raw materials as well as the distribution cost of the finished goods. Further, the adoption of dual price strategy by the Government has also impacted the diesel price for the Company.

The Railways had revised the freight rates and restructured the distance slabs which has adversely affected the cost of movement of cement by rail. Because of this, the railway freight for the Company as a whole has increased by more than 20%.

During the year under review, the cost of electrical energy has also increased in the States of Tamil Nadu and Andhra Pradesh. Tamil Nadu Generation and Distribution Corporation Limited has increased the unit rate by Rs.1.50 in April 2012. The Andhra Pradesh Transmission Corporation Limited has increased the unit rate by Rs.1/- in March 2012, which impacted the electrical energy cost for the year. In West Bengal, the rate for the normal hours has increased by Rs.1/- per unit and for peak hours by Rs.2/- per unit.

Due to the power cut imposed by the Government of Tamil Nadu, the units generated from wind mills could not be utilised fully. The grinding units situated in Tamil Nadu, had to run by using Heavy Fuel Oil based power generating sets, thereby resulting in increase in the power cost.

The quality of indigenously available Gypsum has deteriorated and hence, the Company has resorted to import the Gypsum to maintain the quality of cement. During the year, we had also imported high quality limestone for quality corrections. The weakening of the Rupee has impacted the increase in the cost of Gypsum and limestone consumed.

The cost of fly ash has increased partly due to increase in demand and partly due to increase in the cost of transportation.

The depreciation cost has gone up due to addition of assets during the year.

The interest cost has also increased due to increase in the interest rates.

The increase in Excise Duty, Customs Duty for import of coal, Service Tax and Value Added Tax has also resulted in the overall increase in the cost.

All the above factors have contributed to an overall increase in manufacturing and distribution costs.

READY MIX CONCRETE DIVISION

The Division has produced 49,410 cu.m of concrete during the year, accounting for a revenue of Rs.18.13 Crores (Net of Excise Duty and VAT) as against 48,807 cu.m. of concrete accounting for a revenue of Rs.17.15 Crores during the previous year.

DRY MORTAR DIVISION

The Division has produced 25,360 tonnes of Dry Mortar during the year as against 26,558 tonnes produced during the previous year. The Division has sold 25,306 tonnes of Dry Mortar accounting for a revenue of Rs.16.89 crores (Net of Excise Duty and VAT) during the year as against 26,682 tonnes of Dry Mortar accounting for a revenue of Rs.16.13 Crores during the previous year.

WIND FARM DIVISION

The Division has generated 3,247 Lac Kwh as compared to 2,855 Lac Kwh of the previous year. Out of this 3,145 lac units were generated from the wind farms in Tamil Nadu and 102 lac units from the wind farms in Karnataka. Out of the units generated in Tamil Nadu, 401 lac units are meant for adjustment against the power consumed in the cement plants and balance 2,744 lac units have been sold to Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) for a value of Rs.81.63 crores. The units generated in Karnataka were fully consumed at Methodu Cement Plant.

The income during the year from the Division was Rs.87.08 Crores as against Rs.61.59 Crores of the previous year.

The installed capacity of the wind farm of the Company is 159.19 MW comprising of 229 Wind Electric Generators.

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TURNOVER AND PROFITABILITY

With the increase in production and sale and growth in realisation, the total revenue for the year, net of Central Excise and VAT had increased to Rs.3,873 crores as against Rs.3,257 crores of the previous year, registering an increase of 19%.

During the year under review, the Company had taken various measures to reduce the impact of the raising costs. To minimise the cost of transportation in raw materials and finished goods, the grinding units were operated strategically. The rail-road transport mix was also constantly reviewed and changed to have an overall control in the transportation cost for the Company as a whole.

The thermal power plants were operated to generate electrical energy for own consumption besides sale of power to TANGEDCO and Third parties under Open Access System, so that the cost of operating the thermal power plants was maintained at optimum level.

These measures, coupled with better sales and realisation, have made the operating profit and net profit for the year higher at Rs.1,047.77 crores and Rs.403.65 crores, as against Rs.970.26 crores and Rs.385.11 crores respectively of the previous year.

CHANGES IN STATUTORY LEVIES

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

VALUE ADDED TAX (VAT)

In the States of Kerala and West Bengal, the rate of VAT has been increased from 13.5% to 14.5%, with effect from 01-04-2013.

NEW PROJECTS

The Company has established three grinding units, near the fly ash availability areas / major cement consumption areas. This has helped the company in economising transportation cost, besides resulting in better servicing of markets. In line with that, the Company is proposing to install its fourth grinding unit at Vizag with a capacity to grind 1 Million Tonnes Per Annum, at a cost of Rs.360 crores. The project is expected to be commissioned in the second quarter of 2014-15. The necessary clinker for this plant would be transported from the Jayanthipuram plant. Fly ash and slag are available within a radius of 25 kms, which would help the Company in minimising the transportation cost of raw materials. The output from this plant would be marketed in Coastal Andhra Pradesh with Vizag being the main market and also in the States of Odisha and Chattisgarh.

POWER PLANTS

At Ariyalur, the Company had commissioned 20 MW thermal power plant. With this, the capacity of the captive thermal power generation at Ariyalur had increased to 60 MW.

At Ramasamy Raja Nagar, the 25 MW thermal power plant was commissioned.

Due to acute power shortage being experienced, it is felt that it would be advantageous to invest further in power. Accordingly, it is proposed to enhance the capacity of the thermal power plants at Alathiyur, Jayanthipuram and Ariyalur by adding one turbine each of 6 MW capacity at a total cost of Rs.55 crores.

FUTURE OUTLOOK

The cement industry is expected to grow by 8% during the year 2013-14. The demand increase is expected to be sustained due to Government spending on infrastructure projects, rural housing and development and the general increase in the economic activities. However, the excess capacity created by the cement industry during the past years will have an impact on production of cement and sales realisation. The capacity-demand mismatch is expected to come down over a period of next few years, improving the capacity utilisation of the industry. The Company would continue to focus on cost control measures and strategic decisions on production and distribution to protect and improve its profitability.



STRATEGIC INVESTMENTS

The Company over a period of time has been continuously investing in assets of enduring benefits.

The Company has been augmenting limestone bearing lands for ensuring availability of raw material to take care the limestone requirement for future years at enhanced capacity levels.

The cement manufacturing plants are equipped with latest technologies which would serve the Company well for many years to come. The Company's investments in Pollution Control Equipments would ensure clean and pollution free environment for the neighbourhood. The Company has constructed covered silos for storage of various materials like Fly ash, Clinker and Cement, which would ensure minimum loss in storages, besides keeping the plant clean and healthy.

The limestone and coal are stored and transported through stacker reclaimers and belt conveyors involving minimum manual handling.

All the cement plants are provided with railway sidings which would help in handling huge quantity of incoming raw materials, besides meeting increased despatch requirements. The railway sidings enable direct movement of materials from and to the port and provides flexibility in planning of despatch strategies, keeping cost and market service in focus.

Establishment of Grinding Units and Packing Plants have greatly helped the Company to reduce the overall cost of transport. Besides, as the grinding units and packing plants are situated near the core market areas, better customer service is ensured by prompt deliveries and meeting of customer needs.

The Company has continuously invested in captive generation of power. The investments in wind farms, thermal power plants and heavy fuel oil based power generating sets have ensured that the Company has a variety of captive sources of power, besides getting grid power. The liberalisation of the power sector will enable the Company to utilise these captive generating sources in a most advantageous manner for self-consumption as well as sale of power under Intra State Open Access Policy. The usage of the above alternate sources of power would be decided in a cost judicial manner as power is one of the most important elements in the cost of production of cement.

Your Directors believe that these strategic investments made over a period of time has created assets and infrastructure which would help the Company to reap maximum benefits in good times and withstand even during adverse market conditions.

CHANGE OF NAME OF THE COMPANY

It is proposed to change the name of the Company from MADRAS CEMENTS LIMITED to "THE RAMCO CEMENTS LIMITED". RAMCO is the brand name under which the Company's products are sold. The name – "The Ramco Cements Limited" will make it easy to identify the name of the company with the brand under which the Company's cement is sold.

Your Directors are of the opinion that identification of the Company's name with the brand name will be advantageous in the long run in Brand building. Necessary resolution seeking Members' approval for the change of name of the Company has been included in the Notice convening 55th Annual General Meeting.

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 2787 employees as on 31-03-2013. 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

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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, Mines Environment & Mineral Conservation and Quality Circles.

The Alathiyur unit has secured Second Price among the cement sector for the National Energy Conservation award for 2012, constituted by Bureau of Energy Efficiency under the Ministry of Power. The award was presented by the Honourable President of India, Shri.Pranab Mukherjee in the presence of Honourable Minister of State for Power, Shri.Jyotiraditya M.Scindia.

The Alathiyur unit has also secured "Gold Award" in cement sector for outstanding achievement in Environment Management. The award was constituted by Greentech Foundation, New Delhi and supported by Indian Institute of Corporate Affairs, Ministry of Corporate Affairs, Government of India.

The Alathiyur unit has also been presented "Green Award" by Tamil Nadu Pollution Control Board for the year 2012.

Andhra Pradesh Pollution Control Board has given award to Jayanthipuram unit for the year 2012, in recognition of practicing Cleaner Production Measures.

DIRECTORS

The Government of Tamil Nadu appointed Shri.Harmander Singh, I.A.S., Industries Commissioner and Director of Industries and Commerce, as their Nominee Director on the Company's Board with effect from 18-10-2012 in the place of Shri.Vibhu Nayar, I.A.S.

The Directors wish to place on record the valuable guidance and services rendered by Shri.Vibhu Nayar, 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 2013 were Rs.2.08 crores including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. This also includes 28 deposits aggregating to Rs.5.35 lacs which had fallen due for payment on or before 31-03-2013 but not claimed by the depositors. Reminders have been sent to these depositors for disposal instructions. On the date of this report, Rs.2.41 lacs thereof have been claimed and refunded/renewed in respect of 13 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 55th 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 cost accounts of the Company relating to manufacture of Cement and generation of Electricity for the year ended 31-03-2013 on a remuneration of Rs.2,50,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

The Cost Audit Report for the financial year 2011-12 due to be filed with Ministry of Corporate Affairs by 28-02-2013, had been filed on 30-01-2013. The Cost Audit Report for the financial year 2012-13 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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 2013, 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
30-05-2013

On behalf of the Board of Directors,
For MADRAS CEMENTS LTD.,

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

MADRAS CEMENTS LTD.

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

Ramasamy Raja Nagar

Removal of inlet dampers in Circulating Air Fan in Vertical Roller Mill Pre-grinder for Raw Mill, Kiln 1 Primary Air Fan, Cement Mill 1 Separator Fan, Kiln 1 Electrostatic Precipitator Fan, Bagfilter Fan of Vertical Roller Mill Pre-grinder for Cement Mill.

Enlargement of Recirculation Duct and gas flow optimisation in Vertical Roller Mill Pre-grinder for Raw Mill.

Installation of Damper in Burner Pipe Cooling line in Kiln 1 Primary Air Fan.

Jayanthipuram

Automatic changeover in mode of operation of Line 2 Hammer Crusher.

Alathiyur

Installation of Variable Frequency Drive in Boiler-1 Induced Draft Fan at Thermal Power Plant.

Modification of Line-1 Reverse Air Baghouse Fan inlet duct.

Modification of Line-1, Cement Mill Fan outlet duct.

Ariyalur

Removal of inlet dampers in Raw Mill Fan, Reverse Air Baghouse Fan and Cooler Vent Fan.

Methodu

Installation of Fola Phone (Electronic Ear) for optimising Raw Mill and Cement Mill outputs.

Installation of Trivector Meter.

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

Ramasamy Raja Nagar

Installation of Variable Frequency Drive for Hot Gas Fan and Mill Vent Fan for Raw Mill 1.

Jayanthipuram

Upgradation of Slag Mill Booster Fan.

Installation of Variable Frequency Drive for Line-1 & 2 Primary Air Fan.

Alathiyur

Installation of Variable Frequency Drives for Line-1 Kiln Preheater fan, packer main bagfilter fan and Boiler-2 Induced Draft fan at Thermal Power Plant.

Ariyalur

Substitution of Alumina bricks with Alite bricks in Kiln-1 calciner zone, for reducing radiation losses.



(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.

Improvement in conservation of energy is reflected in Form A.

(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	}	0.84 lac tonnes of cement was exported during 2012-13. We are taking steps through advertisement and sales promotions for building our brand, besides exploring new markets.
(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.520.71 crores
(ii) Total Foreign Exchange earned		Rs.28.70 crores

MADRAS CEMENTS LTD.

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

	2012-13	2011-12
1. Electricity :		
(a) Purchased (including Power purchased from APGPCL)		
Units (Lac KWH)	865.18	1605.96
Total amount (Rs. in Lacs)	5788.57	8058.13
Rate per Unit (Rs.)	6.69	5.02
(b) Own Generation		
(i) Through HFO Based Generator		
Units (Lac KWH)	120.00	261.68
Units per litre of HFO (KWH)	3.46	3.53
Cost per Unit (Rs.)	13.09	11.40
(ii) Through Thermal Generator		
Units (Lac KWH)	5752.99	4010.70
Units per kg. of fuel (KWH)	1.09	1.20
Cost per Unit (Rs.)	4.70	4.21
2. Coal / Pet coke / Others		
Quantity (Lac tonnes)	7.19	6.85
Total cost (Rs. in Lacs)	48238.43	44907.09
Average rate (Rs.)	6705.25	6553.98
3. Furnace Oil		
Quantity (Lac litres)	25.92	72.59
Total cost (Rs. in Lacs)	1069.01	2597.97
Average rate (Rs.)	41.23	35.79
4. Others - Diesel Oil		
Quantity (Lac litres)	15.70	8.90
Total cost (Rs. in Lacs)	723.19	374.64
Average rate (Rs.)	46.07	42.10

B. Consumption per unit of production

Product : Cement

Unit : Tonne

	Standards	2012-13	2011-12
Electricity (KWH per tonne of cement)	95	79.50	78.15
Coal (percentage of clinker)	16	11.38	12.23



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. Study of effect of grinding aid on improving the strength of cement.
- b. Evaluation of Suitable Additive (like Laterite, & Iron Ore) as raw material.
- c. Microscopic studies to analyse the clinker phases and crystals size.
- d. Development of special cement to suit the requirements of Hollow Block sector.
- e. Development of cost effective, Durable Mix Designs for cement.
- f. Development of mix designs and identification of suitable admixtures for Ready Mix Concrete.
- g. Study of Separator Efficiency on Cement Mills.
- h. Suitability study on use Alternative Fuels in manufacturing.

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

- a. Low cost additives utilization.
- b. Uniform quality of clinker from all the units.

3. Future plan of action.

1. Heat of Hydration comparison study between various types of cements.
2. Rheological, Strength and Durability studies of concrete with Manufactured Sand & Crusher Refused Fines.

4. Expenditure on R & D

Rs. in crores

- | | |
|--|------|
| a. Capital | NIL |
| b. Recurring | 9.36 |
| c. Total | 9.36 |
| d. Total R & D expenditure as percentage of total income | 0.24 |

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 |

MADRAS CEMENTS LTD.

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, four Board Meetings were held, one each on 24-05-2012, 02-08-2012, 05-11-2012 and 13-02-2013.

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	4	100
2	Shri.Vibhu Nayar, I.A.S. *	ND	–	–
3	Shri.Harmander Singh#	ND	–	–
4	Shri.P.R.Venketrama Raja	PD	3	75
5	Dr.A.Ramakrishna	ID	4	100
6	Shri.R.S.Agarwal	ID	4	100
7	Shri.M.B.N.Rao	ID	4	100

CMD – Chairman & Managing Director;

ID – Independent Director;

ND – Nominee Director;

PD – Promoter Director.

* Shri.Vibhu Nayar, I.A.S, ceased to be a Director with effect from 18-10-2012.

Shri.Harmander Singh, I.A.S, became a Director on 18-10-2012.



The previous Annual General Meeting of the Company was held on 2nd August 2012 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
5.	Shri.M.B.N.Rao

3. 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:-

A) 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.

B) 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 from using 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.mdrascements.com

MADRAS CEMENTS LTD.

4. 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	3
3.	Dr.A.Ramakrishna	4

No. of Meetings held during the year : 4

Date of the meetings : 23-05-2012, 24-07-2012, 04-11-2012 & 12-02-2013.

The Statutory Auditors, Chief Executive Officer, 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 meeting : 23-05-2012



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 : 30-03-2013
No. of complaints received and redressed during the year : 1

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, 5 meetings were held to consider transfer and transmission of Shares and Debenture matters.

The above Committees meet as and when necessity arises.

5. 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.

6. REMUNERATION OF DIRECTORS

Remuneration to Shri.P.R.Ramasubrahmaneya Rajha, Chairman & Managing Director for the year 2012-13 is Rs.30.96 crores comprising, Salary of Rs.0.24 crores, Benefits of Rs.0.08 crores and Commission of Rs.30.64 crores.

The non-executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.20,000/- 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.

7. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2013

Name of the Director	No. of Shares
Shri.Harmander Singh, I.A.S.	NIL
Shri.P.R.Venketrama Raja	10,00,000
Dr.A.Ramakrishna	80,200
Shri.R.S.Agarwal	106
Shri.M.B.N.Rao	NIL

MADRAS CEMENTS LTD.

8. 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.

9. SHAREHOLDERS

For appointment/re-appointment 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
Firm Registration No. 001208S

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Registration No. 004915S

K.SRINIVASAN
Partner
Membership No.:21510

C.N.GANGADARAN
Partner
Membership No.:11205

CHENNAI
30-05-2013



SHAREHOLDER INFORMATION

Registered Office

'Ramamandiram'
Rajapalayam – 626 117
Tamil Nadu.

Corporate Office

Auras Corporate Centre, V Floor
98-A, Dr.Radhakrishnan Road
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
Kumarasamyraja 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 – 721 134
Purba Medinipur District
West Bengal.

Packing Plants

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

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

Readymix 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

- Muppandal, Poolavadi, Thandayarkulam, Veeranam, Muthunaickenpatti, Pushpathur and Udumalpet in Tamil Nadu.
- 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@madrascements.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 in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited for which Listing Fees for the year 2013-14 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

MADRAS CEMENTS LTD.

GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-03-2010	02-08-2010	10.15 AM	P.A.C.R.Centenary Community Hall, Sudarsan Gardens P.A.C.Ramasamy Raja Salai, Rajapalayam – 626 108, Tamil Nadu
31-03-2011	10-08-2011	10.15 AM	-do-
31-03-2012	02-08-2012	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
29-07-2013	11.00 AM	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 2012 to March 2013)

Board Meeting for consideration of Accounts and recommendation of dividend	30-05-2013
Posting of Annual Report	On or before 29-06-2013
Book Closure date	23-07-2013 to 29-07-2013 (both days inclusive)
Last date for receipt of Proxy form	Before 11.00 AM on Saturday, the 27 th July 2013
Date of the 55 th AGM	29-07-2013
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.

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 / Short Term Debt	A1+
Cash Credit Facilities	LA+
Non-Fund Based Facilities	
* Short Term	A1+
* Long Term	LA+
Long Term Loans	LA+



DEPOSITORY SYSTEM

The Company's shares have been mandated for trading in dematerialized form by all categories of investors with effect from 17-01-2000. The Company's shares are available for dematerialisation 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 2013, 93.38% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialised 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.INE331A01037.

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 31-03-2013.

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.

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 "Disclosures forming part of Financial Statements".
- 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.32.75 crores. Out of the above expenditure, Rs.24.50 crores has been donated to Raja Charity Trust for establishing an Engineering College.

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 2013.

for MADRAS CEMENTS LTD.,

P R RAMASUBRAHMANEYA RAJHA

Chairman & Managing Director

Chennai

30-05-2013

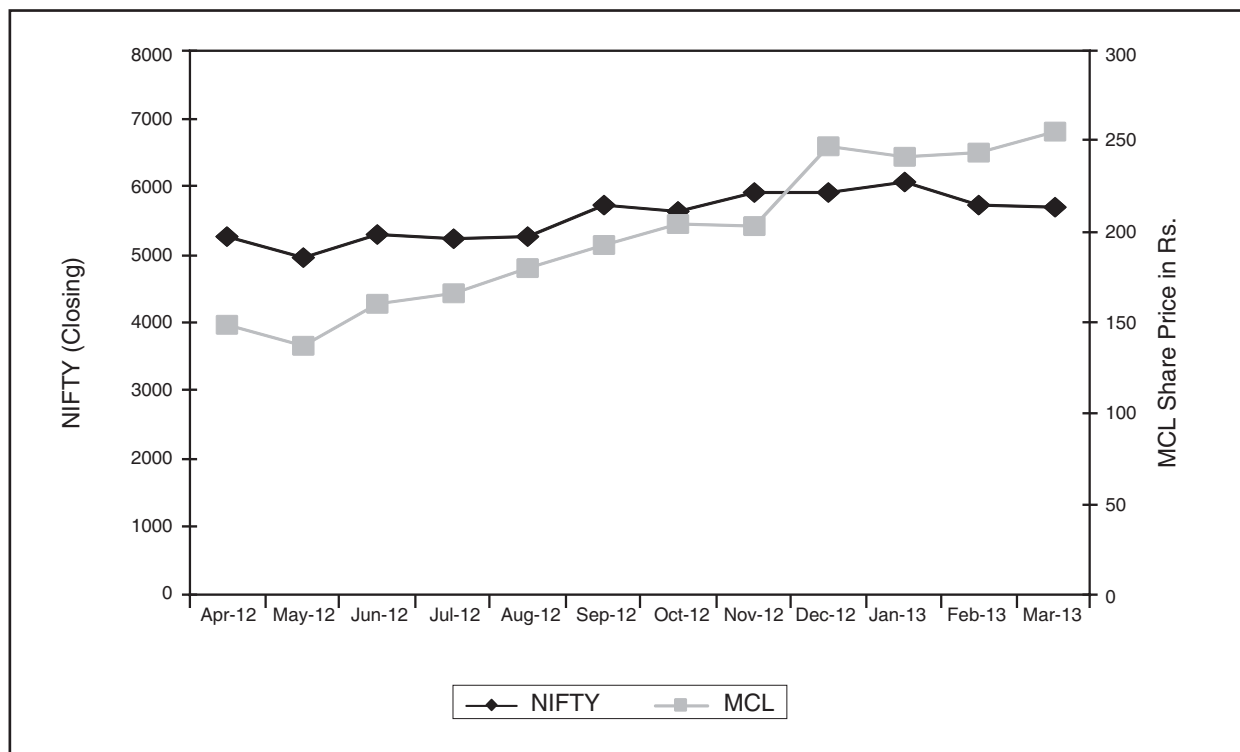
MADRAS CEMENTS LTD.

STATISTICAL DATA

Share Price High & Low / Volume (from April 2012 to March 2013 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 2012	159	140	20,22,088	158	141	4,48,702
May	165	134	20,22,205	154	133	4,13,350
June	161	134	34,39,534	160	134	5,21,058
July	167	152	25,06,915	167	150	4,57,971
August	192	163	67,16,648	192	163	4,28,785
September	197	176	52,25,020	197	176	2,52,000
October	205	180	32,78,561	205	178	7,21,642
November	221	200	45,78,144	220	201	3,49,428
December	251	200	34,40,774	253	200	6,48,292
January 2013	248	223	1,16,20,112	246	223	4,07,233
February	254	217	74,19,761	255	230	3,29,623
March	274	236	75,42,498	269	235	3,71,690
Year 2012-13	274	134	5,98,12,260	269	133	53,49,774

MCL Share Price Movement





Pattern of Shareholding as on 31-03-2013

Description	Total Shareholders	%	Total Shares	%
A. Promoters Holding				
1) Promoters	15	0.07	100703560	42.32
Sub-Total	15	0.07	100703560	42.32
B. Non-Promoters Holding				
1) Mutual Funds	58	0.29	21400853	8.99
2) Banks, FI's, Ins. Cos., Govt.Institutions	13	0.06	21171755	8.90
3) Foreign Institutional Investors	85	0.42	32818238	13.79
4) Non-Resident Indians	354	1.76	512348	0.22
5) Indian Companies	406	2.01	8333605	3.50
6) Residents	19233	95.39	53029021	22.28
Sub-Total	20149	99.93	137265820	57.68
Total	20164	100.00	237969380	100.00

Distribution of Shareholding as on 31-03-2013

Description	Total Shareholders	%	Total Shares	%
Upto - 500	15071	74.74	1750531	0.74
501 to 1000	1501	7.44	1303044	0.55
1001 to 2000	1074	5.34	1871333	0.79
2001 to 3000	330	1.64	887956	0.37
3001 to 4000	618	3.06	2412604	1.01
4001 to 5000	159	0.79	756368	0.32
5001 to 10000	640	3.17	4920494	2.07
10001 & above	771	3.82	224067050	94.15
Total	20164	100.00	237969380	100.00

Category of Shareholding as on 31-03-2013

Description	Total Shareholders	%	Total Shares	%
Dematerialised Form:				
CDSL	5117	25.38	14432473	6.06
NSDL	14137	70.11	207764023	87.31
Physical Form	910	4.51	15772884	6.63
Total	20164	100.00	237969380	100.00

MADRAS CEMENTS LTD.

INDEPENDENT AUDITORS' REPORT

To the Members of M/s Madras Cements Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Madras Cements Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
 - 2.1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 2.2. 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;



2.3. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

2.4. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

2.5. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No.: 001208S

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Registration No.: 004915S

K. SRINIVASAN
Partner
Membership No.: 021510

C.N GANGADARAN
Partner
Membership No.: 011205

Chennai
30th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in item no. 1 of paragraph 'Report on Other Legal and Regulatory Requirements'.

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:

1. Fixed assets

- 1.1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1.2. The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.
- 1.3. The fixed assets disposed during the year were not substantial and therefore, do not affect the going concern assumption.

2. Inventories

- 2.1. The management has conducted physical verification at reasonable intervals in respect of its inventory.
- 2.2. 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.
- 2.3. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. Loans and advances

- 3.1. The company has granted loans aggregating to Rs.162.00 crores (PY Rs.104.75 crores) during the year to 1 party listed in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding at any time during the year was Rs.68.25 crores (PY Rs.20.00 crores) and the amount outstanding as on 31-Mar-2013 was Rs.13.75 crores (PY Rs.13.00 crores)
- 3.2. The rate of interest and other terms and conditions of loans given by the company referred to paragraph 3.1 above are not, prima facie, prejudicial to the interest of the company.
- 3.3. The payment of the principal amounts and the interest wherever applicable are regular.
- 3.4. There is no overdue amount with respect to above loans.

MADRAS CEMENTS LTD.

3.5. The company has taken loans aggregating to Rs.24.27 crores (PY Rs. 20.26 crores) from 1 party listed in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding at any time during the year was Rs.10.88 crores (PY Rs.5.88 crores) and the outstanding as on 31-Mar-2013 was Rs.8.90 crores (PY Rs.1.53 crores).

3.6. 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.

3.7. The loans given/taken by the company are repayable on demand and have been received/paid on demand.

4. 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

5. Section 301 contracts

5.1. 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

5.2. These transactions exceeding value of Rs. 0.05 crores have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. 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.

7. The company has an internal audit system commensurate with its size and nature of its business.

8. 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.

9. Statutory dues

9.1. 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.

9.2. The disputed statutory dues aggregating to Rs.251.53 crores (PY Rs.187.86 crores) that have not been deposited on account of matters pending before appropriate authorities are as under:

SI No	Name of the statute	Forum where dispute is pending	Amount (Rs. in Crores)
1	Income Tax Act	High Court	13.21
2	Sales Tax Act	Assistant/ Deputy Commissioner, Appeals	0.11
		Appellate Tribunal	0.01
		High Court	0.55
3	CST Act	Assistant/ Deputy Commissioner, Appeals	0.24
		High Court	0.23
4	VAT Act	Assistant/ Deputy Commissioner, Appeals	25.92
5	Central Excise Act & Cenvat Credit Rule	Asst./Deputy/Additional Commissioner	111.94
		Commissioner, Appeals	11.33
		Appellate Tribunal	78.92
		High Court	1.86
		Supreme Court	7.21
Total			251.53



10. The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions, banks or debentures holders.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. 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.
15. Based on information and explanations given to us, the terms and conditions of the guarantee given by the Company to related parties ([Ramco Systems Limited – Guarantee given Rs.233.00 crores (PY Rs.145.00 crores); Loans outstanding Rs.233.00 crores (PY Rs.145.00 crores)]; [Sandhya Spinning Mills Limited – Guarantee given Rs.59.38 crores (PY Rs.59.38 crores); Loans outstanding Rs.26.32 crores (PY Rs.35.62 crores)], [Thanjavur Spinning Mills Limited – Guarantee given Rs.58.00 Crores (PY Rs.58.00 crores); Loans outstanding Rs.41.29 Crores (PY Rs.48.00 crores)]; to secure loans availed from banks by the respective companies, are not prejudicial to the interests of the Company.
16. The Company has raised term loans during the year and these have been applied for the purposes for which they were raised.
17. The funds raised on short-term basis have not been used for long-term investment.
18. 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.
19. The company has no outstanding amount under Debentures that require creation of security/charge.
20. The company has not raised any money by way of public issues during the year.
21. No material fraud on or by the company has been noticed or reported during the year.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No.: 001208S

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Registration No.: 004915S

K. SRINIVASAN
Partner
Membership No.: 021510

C.N GANGADARAN
Partner
Membership No.: 011205

Chennai
30th May, 2013

MADRAS CEMENTS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2013

		(Rs. in Crores)	
	Notes	As at 31-03-2013	As at 31-03-2012
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	A	23.80	23.80
Reserves and Surplus	B	2,346.96	2,026.58
		<u>2,370.76</u>	<u>2,050.38</u>
Non Current Liabilities			
Long Term Borrowings	C	1,393.06	1,500.75
Deferred Tax Liabilities	D	716.36	649.18
Other Long Term Liabilities	E	338.42	319.73
Long Term Provisions	F	40.38	32.88
		<u>2,488.22</u>	<u>2,502.54</u>
Current Liabilities			
Short Term Borrowings	G	588.08	613.19
Trade Payables		143.08	93.93
Other Current Liabilities	H	734.35	671.97
Short Term Provisions	I	146.89	126.23
		<u>1,612.40</u>	<u>1,505.32</u>
Total		<u><u>6,471.38</u></u>	<u><u>6,058.24</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	J	4,513.40	4,064.21
Intangible Assets	J	80.15	50.94
Capital Work in Progress		147.96	522.34
Intangible Assets Under Development	J	9.04	5.21
Non Current Investments	K	265.77	266.47
Long term Loans and Advances	L	201.74	109.76
Other Non Current Assets	M	1.49	3.16
		<u>5,219.55</u>	<u>5,022.09</u>
Current Assets			
Inventories	N	594.75	491.09
Trade Receivables	O	302.81	207.94
Cash and Bank Balances	P	53.96	47.49
Short Term Loans and Advances	Q	298.72	289.63
Other Current Assets	R	1.59	-
		<u>1,251.83</u>	<u>1,036.15</u>
Total		<u><u>6,471.38</u></u>	<u><u>6,058.24</u></u>

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S
K.SRINIVASAN
Partner
Membership No. 21510

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

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

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

Chennai
30-05-2013



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	Notes	2012-13	2011-12
Revenue from Operations	S	3,830.80	3,223.62
Other Income	T	41.86	32.96
Total Revenue		3,872.66	3,256.58
EXPENSES			
Cost of Materials Consumed	U	575.27	437.60
Changes in Inventories of Finished Goods and Work-in-progress	V	(45.33)	(0.78)
Employee Benefit Expenses	W	196.02	171.21
Finance Costs	X	178.51	158.45
Depreciation and Amortization Expenses		280.58	253.90
Other Expenses	Y	2,098.93	1,678.68
Total Expenses		3,283.98	2,699.06
Profit Before Exceptional and Extraordinary Items and Tax		588.68	557.52
Extraordinary Items (Expenses)/Income		(0.47)	(0.10)
Profit Before Tax		588.21	557.42
Tax Expenses			
Current Tax		117.38	112.13
Deferred Tax		67.18	60.18
Total Tax Expenses		184.56	172.31
Profit for the year		403.65	385.11
Earning Per equity share of face value of Rs.1 each			
Basic and Diluted in Rupees		17	16

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S
K.SRINIVASAN
Partner
Membership No. 21510

Chennai
30-05-2013

For CNGSN & ASSOCIATES
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Directors

MADRAS CEMENTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		(Rs. in Crores)	
		2012-13	2011-12
Cash flow from operating activities			
Net profit, before tax and extraordinary items		588.68	557.52
Adjustments for:			
(Profit)/Loss on sale of assets		1.39	(0.79)
Depreciation		280.58	253.90
Dividend Received & Re-invested		(0.02)	(0.02)
Provision for Leave Encashment		1.61	1.60
Amortised Premium on Forward Contract		2.56	0.00
Interest & Dividend received		(9.26)	(5.97)
Rent Receipt		(7.25)	(7.24)
Interest paid		175.95	158.45
Amortisation of Intangible Assets		10.18	8.96
Operating profit before working capital changes		1044.42	966.41
Adjustments for:			
Trade and other receivables		(194.51)	96.11
Earmarked Balances with Banks		23.60	(25.15)
Inventories		(103.66)	(98.81)
Trade payables		46.83	38.68
Cash generated from operations		816.68	977.24
Direct Taxes paid		(114.82)	(113.45)
Cash flow before prior period and extraordinary items		701.86	863.79
Extraordinary Items		(0.46)	0.00
Net cash from operating activities	A	<u>701.40</u>	<u>863.79</u>
Cash flow from investing activities			
Purchase of fixed assets		(401.94)	(569.22)
Sale of fixed assets		2.65	3.77
Interest & Dividend received		9.26	5.97
Rent Receipt from investment property		7.25	7.24
Net cash from investing activities	B	<u>(382.78)</u>	<u>(552.24)</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Rs. in Crores)

		2012-13	2011-12
Cash flow from financing activities			
Proceeds from long term borrowings		600.00	768.65
Proceeds from short term borrowings		3434.15	611.09
Repayment of long term borrowings		(618.25)	(1124.30)
Repayment of short term borrowings		(3459.26)	(336.20)
Payment of dividend and tax thereon		(69.24)	(90.01)
Interest paid		(175.95)	(158.45)
Net cash from financing activities	C	<u>(288.55)</u>	<u>(329.22)</u>
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	<u>30.07</u>	<u>(17.67)</u>
Opening balance of cash and cash equivalents	D	19.61	37.28
Closing balance of cash and cash equivalents	E	49.68	19.61
Net increase / (decrease) in cash and cash equivalents	(E-D)	<u>30.07</u>	<u>(17.67)</u>
Earmarked Balances with Banks	F	4.28	27.88
Closing cash and Bank Balance	(E+F)	53.96	47.49

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S
K.SRINIVASAN
Partner
Membership No. 21510

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Registration No. 004915S
C.N.GANGADARAN
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P.R.RAMASUBRAHMANEYA RAJHA
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R.S.AGARWAL
M.B.N.RAO
Directors

Chennai
30-05-2013

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Crores)

NOTE A

SHARE CAPITAL

Authorised

25,00,00,000 Equity Shares of Rs.1/- each
(PY: 25,00,00,000 Equity Shares
of Rs.1/- each)

As at
31-03-2013

25.00

As at
31-03-2012

25.00

Issued, Subscribed and fully paid-up

23,79,69,380 Equity Shares of Rs.1/- each
(PY: 23,79,69,380 Equity Shares
of Rs.1/- each)

23.80

23.80

Note: 3,41,000 bonus shares of Rs.1/- each remain unallotted pending completion of required formalities.

Reconciliation of the number of shares outstanding:

Number of equity shares outstanding at the beginning of the year

23,79,69,380

23,79,69,380

Equity shares issued during the year

—

—

Equity shares bought back during the year

—

—

Number of Equity shares outstanding at the end of the year

23,79,69,380

23,79,69,380

Details of Shareholders holding more than 5 percent in the Company:

Ramco Industries Ltd

4,93,12,420

20.72

4,93,12,420

20.72

Rajapalayam Mills Ltd

3,29,05,000

13.83

3,29,05,000

13.83

Aggregate number of equity shares of Rs.1/- each allotted as fully paid up by way of Bonus Shares during the period of Five years immediately preceeding the reporting date:

11,89,84,690

Aggregate number of equity shares of Rs.1/- each bought back during the period of Five years immediately preceeding the reporting date:

43,000



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31-03-2013	As at 31-03-2012
(Rs. in Crores)		
NOTE B		
RESERVES AND SURPLUS:		
Capital Redemption Reserve	1.38	1.38
General Reserve:		
Balance as per last financial statement	1,955.27	1,655.27
Add: Balance transferred from surplus balance in the statement of profit and loss	300.00	300.00
Closing Balance	2,255.27	1,955.27
Surplus/(Deficit) in the statement of profit and loss:		
Balance as per last financial statement	69.93	54.06
Profit for the year	403.65	385.11
Balance available for appropriations	473.58	439.17
Less: Appropriations:		
Interim Dividend	47.66	47.66
Tax on interim dividend	7.73	7.73
Proposed Final equity dividend	23.83	11.92
Tax on proposed equity dividend	4.05	1.93
Transfer to general reserve	300.00	300.00
Total Appropriations	383.27	369.24
Net surplus in the statement of profit and loss	90.31	69.93
Total	2,346.96	2,026.58
NOTE C		
LONG TERM BORROWINGS :		
Secured:		
Term Loan from Banks	876.74	975.41
Soft Loan from Government	30.74	0.00
Sub Total	907.48	975.41
Unsecured:		
Fixed Deposits	1.40	1.79
Interest free sales tax loan	484.18	523.55
Sub Total	485.58	525.34
Total	1,393.06	1,500.75

1. Term Loans from Banks and Soft Loan from Government are secured by pari-passu charges on fixed assets of the company.
2. Maturity profiles of Term Loan from Banks, Soft Loan from Government and Interest Free Sales Tax Loans are furnished in Disclosures forming part of Financial Statements vide Sl. No. 3.

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Crores)

	As at 31-03-2013	As at 31-03-2012
NOTE D		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Asset		
Tax effect of provision for leave encashment	4.61	4.09
Tax effect of provision for bad and doubtful debts	3.33	3.33
	7.94	7.42
Deferred Tax Liability		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	722.13	655.60
Tax impact of amortization of intangible assets	2.17	1.00
	724.30	656.60
Deferred Tax Liability (Net)	716.36	649.18
NOTE E		
OTHER LONG TERM LIABILITIES		
Trade Payables	38.67	42.33
Security deposits from customers	299.75	277.40
Total	338.42	319.73
NOTE F		
LONG TERM PROVISIONS		
Provision for leave encashment	12.60	11.30
Provision for taxation	27.78	21.58
Total	40.38	32.88



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31-03-2013	As at 31-03-2012
(Rs. in Crores)		
NOTE G		
SHORT TERM BORROWINGS:		
Secured:		
Term loans from banks	145.00	201.00
Foreign currency loans from banks (Buyers Credit)	38.50	111.67
Rupee loans from banks	161.35	107.37
Sub Total (#)	344.85	420.04
Unsecured:		
Loans Repayable on Demand		
Loan from Directors	8.90	1.53
Fixed Deposits	0.69	0.57
Other Loans and Advances		
Loan from banks	50.00	-
Foreign currency loans from banks (Buyers Credit)	112.43	142.27
Loan from mutual funds	71.21	48.78
Sub Total	243.23	193.15
Total	588.08	613.19
(#) Secured by hypothecation of current assets of the company		
NOTE H		
OTHER CURRENT LIABILITIES:		
Current maturities of Long Term loan	685.91	596.47
Interest accrued but not due	4.25	3.98
Unclaimed dividends	4.24	27.83
Disputed Dividend	0.46	0.46
Customers' balance	27.25	33.22
Statutory duties and taxes recovery payable	11.78	9.70
Recovery from employees payable	0.46	0.31
Total	734.35	671.97
NOTE I		
SHORT TERM PROVISIONS:		
Provision for leave encashment	1.63	1.32
Provision for taxation	117.38	111.06
Proposed Dividend	27.88	13.85
Total	146.89	126.23

MADRAS CEMENTS LTD.
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013
NOTE J
FIXED ASSETS
(Rs. in Crores)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2012	Additions	Deductions/ adjustments	As at 31-03-2013	As at 01-04-2012	For the year	Deductions/ adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
TANGIBLE ASSETS										
Own assets										
Land	319.28	23.08	0.06	342.30	0.00	0.00	0.00	0.00	342.30	319.28
Buildings	422.88	61.19	0.06	484.01	48.09	10.77	0.01	58.85	425.16	374.79
Plant & Equipments	4607.34	623.48	1.80	5229.02	1386.16	245.81	1.34	1630.63	3598.39	3221.18
Railway Siding	56.11	0.80	0.00	56.91	15.60	2.33	0.00	17.93	38.98	40.51
Workshop, Quarry Equipments etc.	43.39	2.60	1.80	44.19	20.82	3.67	1.55	22.94	21.25	22.57
Research & Development Equipments	66.87	0.00	0.00	66.87	40.58	4.64	0.00	45.22	21.65	26.29
Furniture & Fixtures	21.83	4.04	0.59	25.28	9.24	1.53	0.54	10.23	15.05	12.59
Office Equipments	26.15	7.28	1.45	31.98	15.43	2.42	1.27	16.58	15.40	10.72
Vehicles	16.56	4.07	0.60	20.03	6.14	1.67	0.41	7.40	12.63	10.42
Aircraft in Joint Venture (#)	7.19	0.00	3.58	3.61	0.93	0.29	0.75	0.47	3.14	6.26
Leased assets										
Land	19.99	0.00	0.00	19.99	0.39	0.15	0.00	0.54	19.45	19.60
Total - Tangible Assets	5607.59	726.54	9.94	6324.19	1543.38	273.28	5.87	1810.79	4513.40	4064.21
INTANGIBLE ASSETS										
Mining rights	13.55	0.00	0.00	13.55	0.00	0.00	0.00	0.00	13.55	13.55
Mine development (*)	18.44	3.06	0.00	21.50	0.00	7.34	0.00	7.34	14.16	18.44
Fly ash collection rights (*)	3.08	0.00	0.00	3.08	0.00	1.55	0.00	1.55	1.53	3.08
Computer software	27.78	36.48	0.09	64.17	11.91	6.59	0.09	18.41	45.76	15.87
Power Transmission system (@)	0.00	6.44	0.00	6.44	0.00	1.29	0.00	1.29	5.15	0.00
Total - Intangible Assets	62.85	45.98	0.09	108.74	11.91	16.77	0.09	28.59	80.15	50.94
INTANGIBLE ASSETS UNDER DEVELOPMENT										
Mine development	3.53	3.83	0.00	7.36	0.00	0.00	0.00	0.00	7.36	3.53
Computer software	1.68	0.00	0.00	1.68	0.00	0.00	0.00	0.00	1.68	1.68
Total - Intangible Assets under Development	5.21	3.83	0.00	9.04	0.00	0.00	0.00	0.00	9.04	5.21
CAPITAL WORK IN PROGRESS										
	522.34	388.64	763.02	147.96					147.96	522.34

(#) The company owns 1/6 share in aircraft as joint ownership.

(*) Amortisation of Mine development / Fly ash collection rights are included in "Cost of materials consumed"

(@) Amortisation of Power transmission system is adjusted against "Profit on sale of power"



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Crores)

	Face Value	As at 31-03-2013	As at 31-03-2012
NOTE K			
NON-CURRENT INVESTMENTS			
Investment property			
Land		137.57	137.57
Building		0.66	0.66
Building given on operating lease		42.52	42.52
Gross Block		43.18	43.18
Less: Accumulated depreciation as at the beginning of the year		3.02	2.31
Depreciation for the year		0.71	0.71
Net Block		39.45	40.16
Total Investment property	(A)	177.02	177.73
Non trade investments (valued at cost)			
Unquoted equity instruments			
AP Gas Power Corporations Ltd. (16,08,000 equity shares of Rs.10/- each fully paid up)	1.61	22.12	22.12
Sri Vishnu Shankar Mill Ltd. (2100 shares including 1050 bonus shares of Rs.10/- each fully paid up)	0.00	0.01	0.01
Other Investments -Unquoted			
The Madras Cements Employees' Co-operative Stores Ltd. (250 shares of Rs.10/- fully paid up)	0.00	-	-
Total Unquoted Instruments	(B)	22.13	22.13
Quoted equity instruments			
Ramco Industries Ltd. (1,33,72,500 shares including 92,06,250 bonus shares of Rs.1/- each fully paid up)	1.34	20.54	20.54
Ramco Systems Ltd. (21,17,810 shares including 4,84,000 shares allotted pursuant to scheme of Demerger of Ramco Systems Ltd, Rs.10/- each fully paid up)	2.12	36.91	36.91
Associated Cements Company Ltd. (103 shares including 4 bonus shares of Rs.10/- each fully paid up)	-	-	-
India Cements Ltd. (58 shares including 29 bonus shares of Rs.10/- each fully paid up)	-	-	-
Andhra Cements Ltd. (111 Shares of Rs.10/- each fully paid up)	-	-	-
Heidelberg Cements India Ltd. (170 shares including 20 bonus shares of Rs.10/- each fully paid up)	-	-	-
Chettinad Cement Corporation Ltd. (100 shares including 50 bonus shares of Rs.10/- each fully paid up)	-	-	-
Rajapalayam Mills Ltd. (7,25,600 shares including 3,69,200 bonus shares of Rs.10/- each fully paid up)	0.73	8.12	8.12
Housing Development Finance Corporation Ltd. (17,400 shares including 8700 bonus shares of Rs.2/- each fully paid up)	-	-	-
HDFC Bank Ltd. (2,500 shares of Rs.2/- each fully paid up)	-	-	-
Indbank Merchant Banking Services Ltd. (50,000 shares of Rs.10/- each fully paid up)	0.05	0.20	0.20
Tamil Nadu News print & Papers Ltd. (22,700 shares of Rs.10/- each fully paid up)	0.02	0.25	0.25
Indian Bank (2,792 shares of Rs.10/- each fully paid up)	-	0.02	0.02
Industrial Development Bank of India Ltd. (14,240 shares including 5340 bonus shares of Rs.10/- each fully paid up)	0.01	0.11	0.11
Sub Total	4.27	66.15	66.15
Provision for other than temporary diminution in the value		0.21	0.20
Total	4.27	65.94	65.95
Investments in Debentures/ Bonds			
12.4% Government of India Loans Bond (Face value Rs.50,00,000)	0.50	0.51	0.51
Investments in mutual funds			
HDFC Balance Fund 1,20,116 units of Rs.10/- each)	0.12	0.17	0.15
Total Quoted Instruments	(C)	66.62	66.61
Market Value		115.75	97.50
Aggregate Value of Investments	(A+B+C)	265.77	266.47

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31-03-2013	As at 31-03-2012
(Rs. in Crores)		
NOTE L		
LONG TERM LOANS AND ADVANCES:		
Secured and Considered Good		
Capital advances	31.20	11.95
Loans and advances to employees	12.66	10.44
Sub Total	<u>43.86</u>	<u>22.39</u>
Unsecured and Considered Good		
Deposits and Balance with Govt. Departments	18.29	21.65
Deposit with suppliers	7.52	6.08
Advance to suppliers	13.67	4.42
Advance recoverable in cash or kind	118.40	55.22
Sub Total	<u>157.88</u>	<u>87.37</u>
Total	<u><u>201.74</u></u>	<u><u>109.76</u></u>
NOTE M		
OTHER NON-CURRENT ASSETS:		
Considered Good		
Trade receivables - secured	0.96	1.27
Trade receivables - unsecured	0.53	1.89
Considered Doubtful		
Trade receivables - unsecured	7.25	10.25
Provision for Doubtful debts	(7.25)	(10.25)
	<u>0.00</u>	<u>0.00</u>
Total	<u><u>1.49</u></u>	<u><u>3.16</u></u>
NOTE N		
INVENTORIES:		
Raw Materials	145.38	137.22
Stores, Spares, Fuel and Packing Materials	316.42	270.92
Work-in-progress	60.60	47.86
Finished goods (*)	72.35	35.09
Total	<u><u>594.75</u></u>	<u><u>491.09</u></u>

(*) Includes finished goods in transit of Rs.4.17 Crores (PY: Rs.0.66 Crores)



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2013

	(Rs. in Crores)	
	As at 31-03-2013	As at 31-03-2012
NOTE O		
TRADE RECEIVABLES:		
Secured and Considered Good:		
Trade receivables less than 6 months	151.28	90.65
Trade receivables more than 6 months	0.53	0.05
Unsecured and Considered Good:		
Trade receivables less than 6 months (*)	103.51	68.37
Trade receivables more than 6 months (**)	47.49	48.87
Considered Doubtful		
Trade receivables - unsecured	3.00	0.00
Provision for Doubtful debts	(3.00)	0.00
Total	<u>302.81</u>	<u>207.94</u>
(*) Includes receivables from TANGEDCO towards sale of power for Rs.49.96 crores (PY Rs.15.25 crores)		
(**) Includes receivables from TANGEDCO towards sale of power for Rs.46.05 crores (PY Rs.47.21 crores)		
NOTE P		
CASH AND BANK BALANCE:		
Cash and Cash Equivalents		
Cash on hand	0.08	0.09
Stamp paper and imprest	0.04	0.05
Balance in current account	49.56	19.47
Other Bank Balances		
Term Deposits (*)	0.04	0.05
Dividend Warrant account	4.24	27.83
Total	<u>53.96</u>	<u>47.49</u>
(*) Deposits with banks held towards security to various Government Departments.		
NOTE Q		
SHORT TERM LOANS AND ADVANCES:		
Unsecured and Considered Good		
Loans and advances to related parties	13.78	13.44
Advances to suppliers	58.91	27.82
Tax Credits - Indirect Taxes	42.81	63.37
Advance income tax paid, TDS and refund receivable	126.47	147.47
Advance recoverable in cash or kind	22.88	22.43
MAT Credit Entitlement	12.91	5.96
Loans and advances to employees	4.44	3.02
Deposits and Balance with Govt. Departments	3.30	1.35
Prepaid Expenses	13.22	4.77
Total	<u>298.72</u>	<u>289.63</u>
NOTE R		
OTHER CURRENT ASSETS :		
Unamortised Premium on Forward Contracts	1.59	0.00
Total	<u>1.59</u>	<u>0.00</u>

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	2012-13	2011-12
NOTE S		
REVENUE FROM OPERATIONS:		
Sale of products		
Domestic Sales - Cement	4164.14	3506.19
Domestic Sales - Clinker	11.60	0.00
Exports - Cement	28.70	14.26
Ready Mix Concrete	18.50	17.32
Dry Mortar Mix	18.66	17.76
Self consumption - Cement	16.52	14.63
Self consumption - Dry Mortar Mix	0.29	0.00
	<u>16.81</u>	<u>14.63</u>
Power generated from Wind Mills	87.08	61.59
Other Operating Income		
Industrial Promotion Assistance	42.38	20.66
Gross revenue from operations	<u>4387.87</u>	<u>3652.41</u>
Less:		
Excise Duty and Cess	557.07	428.79
Revenue from operations	<u><u>3830.80</u></u>	<u><u>3223.62</u></u>
NOTE T		
OTHER INCOME:		
Interest income	7.32	3.65
Dividend income	1.96	2.34
Sundry Receipts	0.53	0.51
Scrap sales (Net of duties & taxes)	14.48	14.87
Rent receipts	7.25	7.24
Carbon Credit sales	0.00	0.17
Profit on sale of Power	10.32	3.39
Profit on sale of assets	0.00	0.79
Total	<u><u>41.86</u></u>	<u><u>32.96</u></u>



NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	2012-13		2011-12	
NOTE U				
COST OF MATERIALS CONSUMED:				
Cement:				
Lime stone	241.52		195.64	
Pozzolona Material	110.94		91.36	
Gypsum	44.55		43.69	
Laterite	22.17		16.78	
Iron Ore	1.94		6.60	
Other Additives	19.46		6.22	
Freight & Handling - Inter unit clinker Transfer	109.15		55.01	
Material handling expenses	6.26		4.74	
		555.99		420.04
Ready Mix Concrete				
Cement	4.19		3.91	
Aggregates	4.78		4.54	
Others	0.27		0.27	
		9.24		8.72
Dry Mortar Mix				
Cement	4.57		4.88	
White Cement	0.85		0.63	
Additives	4.62		3.33	
		10.04		8.84
Total		575.27		437.60
Imported and Indigeneous raw materials consumed				
Imported	12.83	2.23%	9.45	2.16%
Indigenous	562.44	97.77%	428.15	97.84%
Total	575.27	100.00%	437.60	100.00%

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	2012-13	2011-12
NOTE V		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS:		
Closing Stock		
Finished Goods	72.35	35.09
Work-in-progress	60.60	47.86
	<u>132.95</u>	<u>82.95</u>
Opening stock		
Finished Goods	35.09	38.93
Work-in-progress	47.86	43.56
	<u>82.95</u>	<u>82.49</u>
(Increase)/Decrease in stock	(50.00)	(0.46)
ED on stock variance	4.67	(0.32)
Net (Increase)/Decrease in stock	<u>(45.33)</u>	<u>(0.78)</u>
NOTE W		
EMPLOYEE BENEFIT EXPENSES:		
Salaries and wages	162.36	142.77
Workmen and Staff welfare	17.15	13.29
Contribution to Provident Fund	9.08	8.84
Contribution to Gratuity Fund	2.62	2.54
Contribution to National Pension System (NPS)	0.58	0.00
Contribution to Superannuation Fund	4.23	3.77
Total	<u>196.02</u>	<u>171.21</u>
NOTE X		
FINANCE COSTS:		
Interest on term loans	165.08	138.78
Interest on fixed deposits	0.17	0.22
Applicable loss on foreign currency transactions and translation	11.41	16.68
Other borrowing costs	1.85	2.77
Total	<u>178.51</u>	<u>158.45</u>



NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	2012-13	2011-12
NOTE Y		
OTHER EXPENSES:		
Manufacturing Expenses		
Power & Fuel	809.90	699.18
Packing Materials consumption	152.27	124.80
Stores and Spares consumption	69.44	64.42
Repairs to plant and equipments	46.16	36.33
Repairs to buildings	11.25	8.38
Repairs to vehicles and locomotives	7.98	6.84
General repairs	1.56	0.79
	1098.56	940.74
Establishment Expenses		
Managing Director Remuneration	30.96	29.34
IT & Communication expenses	13.98	18.67
Corporate Social Responsibility expenses	32.75	9.38
Insurance	8.20	8.99
Exchange Difference (Net)	4.27	10.16
General Administration Expenses	10.09	8.42
Travelling expenses	11.13	7.68
Rates and taxes	8.86	6.16
Rent	7.36	5.61
Input tax credit reversal	3.86	3.08
Miscellaneous Expenses	4.65	3.15
Legal and Consultancy expenses	2.81	1.90
Bank Charges	0.95	0.73
Cement Cess	0.62	0.56
Prior Period Items	0.00	0.38
Auditors' Remuneration and expenses	0.19	0.20
Board Meeting expenses	0.05	0.06
Directors Sitting fees	0.05	0.05
Loss on sale of assets	1.39	0.00
	142.17	114.52
Selling and Distribution Expenses		
Transportation and Handling Expenses	769.30	561.45
Advertisement expenses	42.67	20.88
Other selling expenses	36.43	31.17
Agency commission	7.74	5.77
Bad debts	2.06	4.15
	858.20	623.42
Total	2098.93	1678.68

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Crores)

	2012-13		2011-12	
Imported and Indigeneous Stores and Spare Parts consumed				
Imported	5.23	7.53%	3.61	5.60%
Indigenous	64.21	92.47%	60.81	94.40%
Total	<u>69.44</u>	<u>100.00%</u>	<u>64.42</u>	<u>100.00%</u>
NOTE Z				
VALUE OF IMPORTS CALCULATED ON C.I.F BASIS IN RESPECT OF :				
Raw Materials	3.12		4.27	
Stores and spare parts	7.77		5.47	
Coal and Petcoke	468.28		308.43	
Packing Materials	29.07		10.03	
Capital Goods	3.43		27.25	
	<u>511.67</u>		<u>355.45</u>	
Expenditure in Foreign Currency on account of:				
Interest	6.53		1.72	
Supervision Charges for Foreign Technician	0.89		0.49	
Foreign Travel	0.11		0.07	
Advertisement outside India	1.21		0.00	
Subscription and Periodicals	0.28		0.15	
Quality Certification Fees	0.02		0.01	
	<u>9.04</u>		<u>2.44</u>	
Earning in Foreign Currency				
Export of Cement calculated on FOB Basis	<u>27.48</u>		<u>13.91</u>	

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S
K.SRINIVASAN
Partner
Membership No. 21510

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

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

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

Chennai
30-05-2013



SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation and presentation of financial statements

- 1.1 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 (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.
- 1.2 The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- 1.3 During the year the monetary value of the power generated at wind farms that are consumed at factories are not recognised as revenue in accordance with the announcement of ICAI on Treatment of inter-divisional transfers. Hitherto such value was recognised as revenue in the wind farms and included as expenditure in Cement divisions grouped under power & fuel. The change in presentation does not have any impact on the financial statements.
- 1.4 The previous year figures are regrouped / restated wherever necessary.

2. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

3. Tangible Fixed assets

- 3.1. Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT / VAT wherever applicable) less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- 3.2 The cost of 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.
- 3.3 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.
- 3.4 Gains or losses arising from disposal of fixed assets, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the statement of profit and loss.

4. Intangible Assets

- 4.1 The costs of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
- 4.2 Costs incurred to secure right to extract mineral reserves are capitalised. Since extractions of mineral reserves are excluded by AS-26, amortisation does not arise.

MADRAS CEMENTS LTD.

- 4.3 Costs incurred for development of mines are capitalised and amortised over the expected beneficial period, not exceeding five years. The amortised expenditure is included under "Cost of materials consumed"
- 4.4 Costs incurred for installation of fly ash handling equipments to secure right to extract fly ash in Thermal power stations which are expected to yield enduring benefits are capitalised and amortised over the expected beneficial period, not exceeding five years. The amortised expenditure is included under "Cost of materials consumed"
- 4.5 Costs incurred for establishing power transmission system for Tamil Nadu Electricity Board to secure right to use the said system to evacuate power from the company's thermal power plant which are expected to yield enduring benefits are capitalised and amortised over the expected beneficial period, not exceeding five years. The amortised expenditure is accounted under "Profit on sale of power"

5. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired.

6. Investments

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

7. Investment Property

- 7.1 An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.
- 7.2 Depreciation on building component of investment property is calculated on straight-line basis using the rate prescribed under Schedule XIV to the Companies Act, 1956.
- 7.3 Gains or losses arising from disposal of investment properties, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the statement of profit and loss.

8. Inventories

- 8.1 Raw-materials, Components, 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.
- 8.2 Process Stock is valued at weighted average cost, including the cost of conversion with systematic allocation of production and administration overheads.
- 8.3 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.

9 Revenue recognition

- 9.1 Revenue is recognised to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- 9.2. Revenue from Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.
- 9.3 Revenue from operation excludes Excise duty, Education Cess, Secondary and Higher education cess, VAT / CST, trade discounts, rebates and returns.
- 9.4 Dividend income is recognised when the company's right to receive dividend is established by the reporting date.



SIGNIFICANT ACCOUNTING POLICIES (Contd.)

9.5 Income from Wind Mills:

a. Under Power purchase agreement:

Units generated from windmills are sold to State Electricity Boards at the rate fixed by respective State Electricity Regulatory Commissions and the income is included in Value of power generated from wind mills.

b. Under wheeling and banking arrangement:

The monetary value of the power generated at wind farms that are consumed at factories are not recognised as revenue because it is inter-divisional transfer.

10. Employee Benefits

10.1 Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

10.2 Provident Fund:

Defined Contribution plan viz., Contributions to Provident fund and Superannuation fund are recognized as an expense in the statement of profit and loss for the year in which the employees have rendered services. The company contributes monthly to Employees' Provident Fund and Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary.

Pension Fund:

The company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1 Lac per annum is remitted to Madras Cements Ltd. Officer's Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is either remitted to National pension system (NPS) or paid as salary at the option of employees. There are no other obligations other than the above defined contribution plans.

10.3 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 The Madras Cements Ltd. Employees' Gratuity Fund 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 providing encashment of unavailed leave to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the balance sheet date, using projected unit credit method.

11. 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 embodying economic benefits in respect of which a reliable estimate can be made. Unprovided contingent liabilities are disclosed in the financial statements. Contingent Assets are not recognised.

12. Research & development expenditure

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

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13. 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.

14. Foreign currency transactions

14.1 All transactions in foreign currency are initially recognised at the exchange rates prevailing on that date.

14.2 Monetary assets and liabilities in foreign currencies outstanding at the year end are translated at the rates prevailing on Balance sheet date and the resultant gains or losses are recognised during the year.

14.3 In respect of forward exchange contracts to hedge currency risks, the difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognised as income or expense amortized over the life of the contract.

14.4 The Exchange differences arising on such contracts are recognised as income or expenses along with the exchange differences of the underlying assets and liabilities.

15. Earnings per share

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

16. Government Grants

Revenue related grants are recognised on accrual basis wherever there is reasonable certainty and are disclosed under other operating income. Receivables of such grants are shown under Loans and advances. Capital related grants are accounted upon fulfilment of conditions attached thereto.

17. 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 current tax liability is recognised at applicable tax rates. The deferred tax liability is recognised based on the accumulated timing difference using the tax rate that have been enacted or substantially enacted by the balance sheet date.

18. Segment Reporting

18.1 The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

18.2 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 inter-segment transfers of units of power from windmills are recognised at the applicable tariff rates of the electricity boards.

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

18.4 Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general corporate income and expenses which are not allocated to any business segment.

19. Leases

19.1 Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognised as operating lease.

19.2 Operating lease receipts / payments are recognised in the statement of profit and loss on accrual basis as per the lease terms and other considerations.



DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013

	As at 31-03-2013	(Rs. in Crores) As at 31-03-2012
1. Contingent Liabilities:		
1.1 Unexpired Letters of credit for purchase of:		
– Spares, Fuel & packing materials	17.71	4.27
– Capital Goods	16.70	8.19
1.2 Guarantees given by the bankers on behalf of company	46.17	28.10
1.3 Guarantees given to bankers to avail loan facilities by Group companies:		
– Thanjavur Spinning Mill Limited	58.00	58.00
– Sandhya Spinning Mill Ltd	59.38	59.38
– Ramco Systems Limited	233.00	145.00

- 1.4. Income tax assessments have been completed up to the accounting year ended on 31st March 2010 i.e., Assessment Year 2010-11. The company has preferred appeals before appellate authorities in respect of various disallowances in assessments and the appeals are pending. As against the tax demand of Rs.27.91 Crores (PY: Rs.23.52 Crores), the department has adjusted Rs.14.70 Crores (PY: Rs.10.31 Crores) against refunds claimed. In the opinion of Management, there may not be any tax liability with regard to the said disallowances and the refunds so adjusted are held under “Advances recoverable in cash or kind”.
- 1.5. In respect of Sales Tax matters appeals are pending with the Appellate Authorities in respect of tax demands amounting to Rs.34.07 Crores, (PY: Rs.22.52 Crores) against which Rs.7.01 Crores (PY: Rs.6.63 Crores) have been paid under protest and is held under “Advances recoverable in cash or kind”. In the opinion of the management, there may not be any tax liability with regard to the said demands.
- 1.6. The demands due to 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.211.26 Crores as at 31-03-2013 (PY Rs.158.76 Crores) remain unpaid, against which the company has replied / preferred appeals. In the opinion of the management, there may not be any liability with regard to the said demands.
- 1.7. The Company has been importing “Steam coal” for its use as fuel and getting it assessed by Customs Department upon payment of duty. However for the “Steam coal” imported by the company and for other importers of the said coal for the period from 15-03-2012 to 28-02-2013, the Customs department has initiated action to levy additional customs duty by proposing to re-classify it as “Bituminous coal”. The contingent liability on account of the said additional duty for the company is Rs.10.54 crores. The company will take appropriate legal recourse against the re-classification.
- 1.8. 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 01-01-1992 to 30-10-1997. The amount remaining unpaid is Rs.0.85 Crores.
- 1.9. TNEB has imposed Rs.1.39 crores towards penalty, alleging shortfall in lifting of fly ash as per the terms of MoU entered into with the Company. TNEB has made the calculation based on the estimation of fly ash quantity that could have been generated for the quantity of coal used by them, instead of ascertaining the actual availability of fly ash generated by them. The Company has obtained stay orders against the penalty from Honourable High Court of Madras.

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- 1.10. The company had entered into MoU with TNEB for sourcing fly ash from their thermal power stations. Ignoring the company's right vested under MoU, it was proposed by TNEB to introduce auction unilaterally, for disposal of fly ash. Further TNEB has also proposed to increase the rate from Rs.350/- to Rs.700/- per tonne of fly ash from 01-03-2011. In the writ petitions filed by the Company and other similarly affected companies, the Honourable High Court of Madras, has fixed rate at Rs.540/- per ton. Challenging the above order the company filed a review petition and obtained an interim order fixing the rate at Rs.410/- per ton. The additional liability at the rate of Rs.60/- per ton would be Rs.7.51 crores. The final decision from the court is awaited.
- 1.11. TANGEDCO has raised a demand towards compensation charges of Rs.0.80 Crores alleging that the Company has exceeded the quota of power consumption during evening peak hours. The Company has deposited the amount under protest, filed writ petition before the Honourable High Court of Madras and the same has been admitted.
- 1.12. Government of Karnataka has imposed Environmental Protection Fee of Rs.5.60 crores, in connection with Company's mining leases. In the writ petitions filed by the Company and other similarly affected companies, the Honourable High Court of Karnataka, has stayed the imposition of the fee. As per the order, the Company has deposited a sum of Rs.2.90 crores.
- 1.13. The Competition Commission of India vide its order dated 20-06-2012 has imposed a penalty of Rs.258.63 crores on the company for alleged cartelisation with select cement manufacturers. The company has filed an appeal against the order before Competition Appellate Tribunal and an interim order was passed that 10% of the penalty should be deposited on or before 16-06-2013.
- 1.14. Southern Power Distribution Company of Andhra Pradesh Limited has demanded an amount of Rs.0.32 Crores towards alleged excess load factor incentives allowed by them. The Company has filed an appeal before Honourable High Court of Andhra Pradesh and obtained an order of interim stay.
- 1.15. In June 2010, Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) has demanded Rs.1.13 crores as Fuel Surcharge Adjustment pertaining to the year 2008-09. The Company has filed a writ petition in the Honourable High Court of Andhra Pradesh along with other affected cement companies. The court passed orders in favour of the industry. The APTRANSCO has preferred an appeal to the Honourable Supreme Court and is pending. In the meantime, APTRANSCO has again demanded FSA charges of Rs.4.94 crores from the year 2008-09 to 2011-12. We had filed a writ petition in the Honourable High Court of Andhra Pradesh and obtained a stay order covering the period from 01-04-2008 to 30-06-2011. For the demands received for subsequent periods, the amounts have been paid and are expensed.
- 1.16. 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 01-07-1997 vide Government of India Gazette Extraordinary No.472E dated 30-06-1997. 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.
- 1.17. The Andhra Pradesh State Electricity Board (APSEB) had hiked the wheeling charges with effect from 24-03-2002. As a result, the cost of power the company is getting from A P Gas Power Corporation Ltd; (APGPCL) had gone up by Re.0.84 per unit. APGPCL and other affected consumers including our company



had filed appeals in the Honourable A P High Court. The court passed orders in favour of the industries. The APSEB has preferred an appeal to the Honourable Supreme Court and no stay has been granted.

- 1.18. 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 Honourable Madras High court has stayed the demands of the Government.
- 1.19. Water Resources Department of Public Works Department, 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 Virudhunagar District. The demand pertains to the period from the year 1990 to year 2009. The company has obtained interim stay from the Honourable High Court of Madras. As per the interim order, the Company has deposited a sum of Rs.0.30 Crores with the Department.
- 1.20. Environment, Forests Science & Technology Department, Government of Andhra Pradesh has increased the Royalty on the Limestone mined from the Forest Area from Rs.5/- per permit to Rs.10/- per tonne. We have filed a writ petition before the Honourable High Court of Andhra Pradesh and obtained an interim order, to pay 1/3rd of the demand. As per the Court order, we have paid Rs.0.63 Crores, being the 1/3rd portion upto 31-03-2013.
- 1.21. Central Power Distribution Company of Andhra Pradesh Limited has demanded a sum of Rs.0.05 Crores by revising the tariff rate, alleging that the packing plant of the Company near Hyderabad is not engaged in manufacturing / processing activity and hence should be classified under HT Category-II, instead of HT Category-I. Against the demand, the Company has filed a writ petition in the Honourable High Court of Andhra Pradesh and obtained a stay order against the re-classification.
- 1.22. New Industries set up in Tamil Nadu were eligible for Power Tariff Concession as per G.O.Ms. No.29 dated 31-01-1995, which was sought to be withdrawn to Industries set up after 14-02-1997 as per G.O.Ms. No.17 dated 14-02-1997. The eligibility for Power Tariff Concession for Alathiyur unit became a dispute between the Company and TNEB. Based on the interim order of the Honourable High Court of Madras, the Company had availed power tariff concession to the tune of Rs.11.41 crores and sought refund of unavailed concession of Rs.1.80 crores. The matter was finally settled by Honourable Supreme Court, vide its judgement dated 16-05-2008, wherein it laid down criteria for ascertaining the eligibility for Power Tariff Concession for new industries and directed the TNEB to decide the eligibility for the Company based on the said criteria. However, vide its order dated 30-06-2008, the TNEB sought to introduce new criteria not enumerated in the Supreme Court judgement. Aggrieved, the Company filed a writ petition (WP No:16348 of 2008) before the Honourable High Court of Madras, which by its judgement dated 13-11-2008 set aside the additional criteria not mentioned in the Supreme Court Judgement and confirmed the eligibility of Power Tariff Concession for the Company. TNEB has filed a writ appeal (WA No:629 of 2010) in the Honourable High Court of Madras against the said order seeking disentanglement of power tariff concession already availed by the Company and matter is pending for hearing at the High Court of Madras.
- 1.23. Under Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligations) Regulations, 2010, consumers owning grid connected captive power generating plants and open access consumers with a sanctioned demand of more than 2 MVA are obligated to consume a minimum of 9% and 0.5% of their energy requirements from wind and solar sources respectively. The non-complainants are required to purchase Renewable Energy Certificates (REC) from markets @ 1 REC per 1000 units of shortage or deposit an equivalent amount in a separate designated fund. Even though the Company is consuming wind energy generated from its wind farms, it has been excluded for reckoning the obligatory consumption, since the company has wheeling and banking arrangement with TNEB. Aggrieved, the Company including other affected producers have approached the Honourable Madras High Court and obtained an interim stay against the implementation of the said regulation.

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(Rs. in Crores)

As at
31-03-2013

As at
31-03-2012

2. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for

235.21

108.62

3. The Maturity profile of the Long term Borrowings as on 31-03-2013 is as follows:

Term Loans from Banks:

Rate of interest in %	2017-18		2016-17		2015-16		2014-15		TOTAL
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
10.25	–	–	–	–	1	8.34	4	33.32	41.66
10.30	–	–	–	–	2	10.38	8	41.68	52.06
10.45	8	80.02	8	80.00	8	80.00	12	96.64	336.66
10.50	3	31.68	4	42.08	6	75.42	10	162.92	312.10
10.70	–	–	–	–	–	–	4	20.00	20.00
10.75	–	–	–	–	2	21.42	8	92.84	114.26
	11	111.70	12	122.08	19	195.56	46	447.40	876.74

The loans bearing interest of 10.30% & 10.45% are due for reset during the year 2013-14.

Soft Loan from Government amounting to Rs.30.74 crores bearing an interest rate of 0.10% matures for repayment during the year 2022-23.

Interest free sales tax Loans:

Year	Alathiyur Unit		Mathodu Unit		Jayanthipuram Unit		TOTAL
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
2025-26	–	–	–	–	2	3.55	3.55
2024-25	–	–	–	–	4	16.38	16.38
2023-24	–	–	–	–	9	40.04	40.04
2022-23	–	–	–	–	5	21.43	21.43
2021-22	–	–	–	–	–	–	–
2020-21	6	54.74	–	–	–	–	54.74
2019-20	12	100.62	–	–	–	–	100.62
2018-19	12	74.43	–	–	–	–	74.43
2017-18	12	50.60	–	–	–	–	50.60
2016-17	7	36.95	–	–	–	–	36.95
2015-16	8	38.97	–	–	–	–	38.97
2014-15	7	32.47	1	14	–	–	46.47
		388.78		14		81.4	484.18



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

Name	Closing balance as on 31-03-2013 (Rs. in Crores)	Interest @ 8% p.a for the year 2012-13 (Rs. in Crores)
P.R.Ramasubrahmaneya Rajha	8.90	0.42

5. Extraordinary items represent provision for diminution in value of investments created during the year for Rs.0.01 Crores (PY: Rs.0.10 Crores) and expenses incurred for Rs.0.46 Crores (PY: Nil) on identification of prospective limestone deposits in new areas.

6. Auditors' remuneration (excluding Service Tax) & expenses: **(Rs. in Crores)**

	2012-13	2011-12
A. Statutory Auditors:		
a. As Auditors	0.12	0.12
b. For Taxation matters	0.01	0.01
c. For Management services	–	0.01
d. Other services	0.01	0.01
e. For reimbursement of expenses	0.03	0.03
B. Cost Auditors:		
As Auditors	0.02	0.02
	0.19	0.20

7. The Company's shares are listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited for which Listing fees for the year 2012-13 have been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.
8. There are no dues to Micro and Small Enterprises as at 31-03-2013 (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.
9. The company has invested Rs.22.12 Crores 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 AP State Electricity Board. Considering the availability of captive power sources at Jayanthipuram plant, in order to utilise the entitled power, all the shares (PY: 11,12,200 Shares) are being held jointly with the following related parties:

Name of the Related Party	Number of shares	Entitlement of power (MW)	Security Deposit Received (Rs. in Crores)
Rajapalayam Mills Limited	3,48,400	1.30	0.130
The Ramaraju Surgical Cotton Mills Ltd	3,08,200	1.15	0.115
Sri Vishnu Shankar Mill Ltd	3,21,600	1.20	0.120
Sandhya Spinning Mill Ltd	3,21,600	1.20	0.120
Sri Harini Textiles Limited	3,08,200	1.15	0.115

APGPCL will supply the entitled power of 6 MW (PY: 4.15 MW) to the above related parties for which the charges will be paid by them directly. The Company is entitled to receive 10 paise per unit for the power consumed by them by virtue of the joint ownership of the shares.

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10. Research and Development expenses for the year are Rs.9.36 Crores (PY Rs.8.99 Crores) including Rs.5.38 Crores towards Depreciation (PY Rs.5.34 Crores).
11. Out of units of 3247 Lacs units (PY 2855 Lacs units) generated net of wheeling and banking at wind farms -
 - a) 2744 Lac units (PY 2055 Lacs units) were sold to TANGEDCO for Rs.81.63 crores (PY Rs.61.27 Crores), shown under "Power generated from windmills".
 - b) 384 Lacs units (PY 793 Lacs units) were consumed at the cement plants. The monetary value of such units calculated based on applicable tariff rates of the electricity boards amounting to Rs.22.50 crores (PY Rs.34.59 crores) were offset between "Power generated from wind mills" and "Power & fuel".
 - c) 119 Lacs units (PY 7 Lacs units) remain unadjusted as on 31-03-2013 is not allowed for carry forward as per terms of agreement but are eligible for encashment. Its monetary value of Rs.5.45 Crores (PY: Rs.0.32 Crores) has been included in "Trade receivables".
12. The Pre-operative expenses incurred on account of insurance premium of Rs.0.41 Crores (PY Rs.0.77 Crores) and borrowing costs of Rs.22.80 Crores (PY Rs.35.06 Crores) relating to acquisition / construction of assets have been capitalized during the year.
13. The company's 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 company's favour. Pursuant to the above judgement, the company is entitled to receive a sum of Rs.1.50 Crores from the Government of Tamil Nadu and is held under "Advances recoverable in cash or kind".
14. The Company is eligible for incentives under "West Bengal Incentive Scheme 2004" in respect of the clinker grinding unit at Kolaghat in the State of West Bengal. A sum of Rs.42.38 crores (PY: Rs.20.36 crores) accrued as Industrial Promotional Assistance (IPA), being 90% of taxes paid, is credited to Statement of Profit and Loss, under other operating Income. The aggregate value of incentives receivable as on 31-03-2013 is Rs.75.44 crores (PY Rs.33.06 crores)
15. During the year the company has contributed Rs.32.75 crores towards corporate social responsibility expenses as detailed below:

Category	Amount (Rs. in Crores)
Contribution to Public charitable Trust for setting up of Engineering college	24.50
Contribution to Public charitable Trust for construction of temples	1.00
Contributions to temples / places of worship	0.75
Value of cement donated to temples / places of worship	0.55
Contributions to Educational institutions	1.22
Value of cement donated to educational institutions	0.22
Contributions to Government sponsored welfare schemes	1.38
Contributions to development of neighbourhoods near company's places of business	1.99
Amount spent for medical camps	0.08
Contributions to Healthcare purposes	0.67
Contributions for sports development	0.20
Contributions to other charitable institutions / causes	0.19
Total	32.75



16. As per AS-15, the disclosures pertaining to “Employee Benefits” are given below:

Defined Contribution Plan:

	2012-13	(Rs. in Crores) 2011-12
Employer’s Contribution to Provident Fund	9.08	8.84
Employer’s Contribution to National pension System (NPS)	0.58	0.00
Employer’s Contribution to Superannuation Fund	4.23	3.77

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

Reconciliation of opening and closing balances of obligation:

Defined Benefit obligation as at the beginning of the year	23.67	21.27
Current Service Cost	1.89	1.68
Interest Cost	1.86	1.62
Actuarial loss	0.80	1.05
Benefits paid	(-) 0.95	(-) 1.95
Defined Benefit obligation as at the end of the year	27.27	23.67

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

Fair value of plan assets as at the beginning of the year	23.67	21.27
Expected return on plan assets	1.36	1.26
Actuarial gain	0.57	0.55
Employer contribution	2.62	2.54
Benefits paid	(-) 0.95	(-) 1.95
Fair value of plan assets as at the end of the year	27.27	23.67

Actual Return on plan assets:

Expected return on plan assets	1.36	1.26
Actuarial gain on plan assets	0.57	0.55
Actual return on plan assets	1.93	1.81

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	27.27	23.67
Present value of obligation	27.27	23.67
Difference	Nil	Nil
Unrecognized past service cost – non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	Nil	Nil

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Expense recognized during the year:	(Rs. in Crores)	
	2012-13	2011-12
Current Service Cost	1.89	1.68
Interest Cost	1.86	1.62
Expected return on plan assets	(-) 1.36	(-) 1.26
Actuarial loss	0.23	0.50
Past service cost - non-vested benefits	Nil	Nil
Past service cost - vested benefits	Nil	Nil
Net Cost	2.62	2.54
Investment Details as on 31-03-2013:		
GOI Securities	0.10	0.08
State Government Securities	0.00	0.02
High Quality Corporate Bonds	0.05	0.05
Funds with LIC	24.87	21.58
Bank balance	0.06	0.04
Interest & IT refund receivable	2.19	1.90
Total	27.27	23.67
Actuarial assumptions:		
LIC 1996-98 Ultimate Table applied for service mortality rate	Yes	Yes
Discount rate p.a	8%	8%
Expected rate of return on plan assets p.a	6.22%	6.22%
Rate of escalation in salary p.a	3.50%	4%
Details of the Leave encashment plan (Unfunded) are as follows:		
Reconciliation of opening and closing balances of obligation:		
Defined Benefit obligation as at the beginning of the year	12.62	11.02
Current Service Cost	0.73	0.58
Interest Cost	0.97	0.83
Actuarial loss	0.87	1.41
Benefits paid	(-) 0.96	(-) 1.22
Defined Benefit obligation as at the end of the year	14.23	12.62
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as at the beginning of the year	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial (gain) / loss	Nil	Nil
Employer contribution	0.96	1.22
Benefits paid	(-) 0.96	(-) 1.22
Fair value of plan assets as at the end of the year	Nil	Nil
Actual Return on 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 Crores)

	2012-13	2011-12
Fair value of plan assets	Nil	Nil
Present value of obligation	14.23	12.62
Difference	14.23	12.62
Unrecognized past service cost – non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	14.23	12.62

Expense recognized during the year:

Current Service Cost	0.73	0.58
Interest Cost	0.97	0.83
Expected return on plan assets	Nil	Nil
Actuarial loss	0.87	1.41
Past service cost - non-vested benefits	Nil	Nil
Past service cost - vested benefits	Nil	Nil
Net Cost	2.57	2.82

Investment Details as on 31-03-2013:

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 1996-98 Ultimate Table applied for service mortality rate	Yes	Yes
Discount rate p.a	8%	8%
Expected rate of return on plan assets p.a	Nil	Nil
Rate of escalation in salary p.a	3.50%	4%

17. a) The lease rentals recognised on non-cancellable operating lease of aircraft on Joint venture basis in the statement of profit and loss grouped under the head Travelling expenses are as detailed below:

Lease Payments	0.75	–
Contingent rent (Usage Charges)	0.67	–

- b) Operating Lease obligations payable for future periods from the Balance sheet date:

Not Later than one Year	1.42	
Later that one year and not later than five years	3.65	
Later than five years	0.00	

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18. The Segment Information for the year ended 31st March, 2013 is detailed below:

	(Rs. in Crores)					
	Cement		Power from Windmills		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUE:						
Total Sales	3743.72	3162.03	109.58	96.18	3853.30	3258.21
Less : Inter Segment Sale			22.50	34.59	22.50	34.59
External Sales (Net)	3743.72	3162.03	87.08	61.59	3830.80	3223.62
Other income	26.75	20.03	0.00	0.18	26.75	20.21
Total Revenue	3770.47	3182.06	87.08	61.77	3857.55	3243.83
RESULT:						
Segment Result	880.09	798.82	21.97	28.33	902.06	827.15
Unallocated Income					7.79	9.10
Unallocated Expenses					149.98	123.93
Operating Profit					759.87	712.32
Interest Expense					178.51	158.45
Interest Income					7.32	3.65
Income tax – Current					117.38	112.13
– Deferred					67.18	60.18
Profit from ordinary activities					404.12	385.21
Extraordinary items					(-)0.47	(-)0.10
Net Profit					403.65	385.11
OTHER INFORMATION:						
Segment Assets	5225.66	4770.80	641.22	667.05	5866.88	5437.85
Unallocated Assets					604.50	620.39
Total Assets					6471.38	6058.24
Segment Liabilities	1067.12	1062.87	0.50	0.15	1067.62	1063.02
Unallocated Liabilities					3033.00	2944.84
Total Liabilities					4100.62	4007.86
Capital Expenditure	355.36	557.58	0.12	–	355.48	557.58
Unallocated Capital Expenditure					42.68	7.95
Depreciation	226.28	202.17	44.51	45.41	270.79	247.58
Unallocated Depreciation					9.79	6.32
Non-Cash expenses other than Depreciation	–	–	–	–	–	–



19. Earnings per Share:

Particulars	(Rs. in Crores)	
	2012-13	2011-12
Net profit after tax (A)	403.65	385.11
Adjusted Weighted average number of Equity shares including unallotted Bonus shares (B)	23.83	23.83
Nominal value per equity share in Rs.	1	1
Basic & Diluted earnings per share (A)/(B) in Rs.	16.94	16.16
Net profit after tax but before extraordinary items (C)	404.12	385.21
Basic & Diluted earnings per share excluding extraordinary items (C)/(B) in Rs.	16.96	16.16

20. 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

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

a) Companies:

Rajapalayam Mills Ltd

The Ramaraju Surgical Cotton Mills Ltd

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 Ltd

b) Public Trusts:

Smt.Lingammal Ramaraju Shastra Prathista Trust

PACR Sethurammal Trust

Ramco welfare Trust

PACR Sethurammal Charities

Raja Charity Trust

MADRAS CEMENTS LTD.

The Company's transactions with the above related parties that are reportable in Rupees In crores with two decimals are summarized below:

a) *Amounts paid to Key Managerial Personnel:*

Name of the Related Party	Amount	Nature of payment
P.R.Ramasubrahmaneya Rajha	30.96	Managerial Remuneration
	0.42	Interest accrued/paid
P.R.Venketrama Raja	0.01	Sitting fees
	0.01	Rent payment

b) *Investments held jointly:*

The details are provided under Note No.9

c) *Inter corporate Deposits given:*

Name of the Related Party	Maximum outstanding during the Year	Interest @ 12% p.a	Outstanding as on 31-03-2013
Ramco Systems Limited	68.25	3.26	13.75

d) *Goods supplied:*

Name of the Related Party	Value	Outstanding receivable as on 31-03-2013
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Sale of Cement:

Rajapalayam Mills Ltd	0.12	Nil
Ramco Industries Limited	54.02	0.19
Sandhya Spinning Mill Ltd	0.01	Nil
Sri Vishnu Shankar Mill Ltd	0.03	Nil
Thanjavur Spinning Mill Limited	0.02	Nil
Sri Harini Textiles Limited	0.03	Nil
The Ramaraju Surgical Cotton Mills Ltd	0.14	Nil

Sale of Electrical energy:

Thanjavur Spinning Mill Limited	2.61	Nil
The Ramaraju Surgical Cotton Mills Ltd	0.61	Nil
Sri Vishnu Shankar Mill Ltd	2.62	Nil
Rajapalayam Mills Ltd	3.48	Nil
Sandhya Spinning Mill Ltd	1.31	Nil
Rajapalayam Spinners Ltd	0.13	Nil
Ramco Industries Limited	1.17	Nil

Sale of Fly ash:

Ramco Industries Limited	0.33	Nil
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Sale of old motor car:

The Ramaraju Surgical Cotton Mills Ltd	0.01	Nil
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e) *Cost of goods & services purchased /availed:*

Name of the Related Party	Value of Goods / Services	Outstanding payable as on 31-03-2013	Nature of goods / services
Ramco Industries Limited	0.43	Nil	Purchase of fibre sheets & silicate boards
Ramco Systems Limited	50.15	(-)0.01	Purchase of software / hardware products and availing software related services.
Smt.Lingammal Ramaraju Shastra Prathista Trust	1.37	(-)0.76	Purchase of Diesel / Petrol. Rs.0.76 Crores remain as unadjusted advance.
PACR Sethurammal Trust	1.51	(-)0.70	Purchase of Diesel / Petrol. Rs.0.70 Crores remain as unadjusted advance.
Ramco welfare Trust	1.37	(-)0.97	Purchase of Diesel / Petrol. Rs.0.97 Crores remain as unadjusted advance.
PACR Sethurammal Charities	0.60	(-)0.39	Purchase of Diesel / Petrol. Rs.0.39 Crores remain as unadjusted advance.

f) *Corporate Guarantee given:*

Beneficiary	Bank Name	Guarantee Amount
Thanjavur Spinning Mill Limited	Axis Bank Ltd	10.00
	Tamilnad Mercantile Bank Ltd	48.00
Ramco Systems Limited	IDBI Bank	30.00
	ICICI Bank	45.00
	Kotak Mahindra Bank Ltd	50.00
	Indusind Bank	50.00
	Karur Vysya Bank	15.00
	L & T Finance Ltd	10.00
	Aditya Birla Finance Ltd	18.00
	TATA Capital Financial Services Ltd	15.00
Sandhya Spinning Mill Ltd	Indian Bank	59.38

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g) *Rent Receipts:*

Name of the Related Party	Amount	Outstanding as on 31-03-2013
Ramco Systems Limited	7.97	Nil

h) *Amount received by virtue of joint ownership of shares of APGPCL:*

Name of the Related Party	Amount	Outstanding receivable as on 31-03-2013
Rajapalayam Mills Ltd	0.03	Nil
The Ramaraju Surgical Cotton Mills Ltd	0.03	Nil
Sri Vishnu Shankar Mill Ltd	0.03	Nil
Sandhya Spinning Mill Ltd	0.03	Nil
Sri Harini Textiles Limited	0.03	Nil

i) *Assets held jointly:*

Owned Aircraft:

Name of the Related Party	Share of joint ownership in Aircraft
Ramco Industries Limited	16.67%

Aircraft on operating lease:

Name of the Related Party	Share of joint interest in Aircraft
Ramco Industries Limited	16.67%

j) *Donations given to public charitable trusts:*

Name of the Related Party	Purpose	Amount
Raja Charity Trust	For establishment of an Engineering college viz., Ramco Institute of Technology	24.50
PACR Sethurammal Trust	For construction of Sri Saradhambal Temple	1.00

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 55th Annual General Meeting of the Company to be held on Monday,
the 29th July 2013 at 11.00 A.M. and at any adjournment thereof.

Signed this day of July 2013.

Affix 30 P
Revenue
Stamp and
Sign over it

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

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 11.00 A.M. on Saturday, the 27th July 2013.



Alathiyur unit has been conferred Green Award by Tamil Nadu Pollution Control Board. Our Director, Shri.P.R.Venketrama Raja, receiving the "TNPCB Green Award 2011-2012" from the Honourable Chief Minister of Tamil Nadu on 11.9.2012.

Jayanthipuram unit has been given award, in recognition of practicing Cleaner Production Measures by Andhra Pradesh Pollution Control Board. The Award being presented by Ms.Janaki R.Kondapi, I.A.S. (Retd.), Chairperson, Andhra Pradesh Pollution Control Board on 5.6.2012.



Alathiyur unit has secured Second Prize among the cement sector for the National Energy Conservation Award for 2012, constituted by Bureau of Energy Efficiency under the Ministry of Power. The award being presented by Honourable President of India, Shri.Pranab Mukherjee in the presence of Shri.Jyotiraditya Scindia, Minister of State for Power on 14.12.2012.

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
