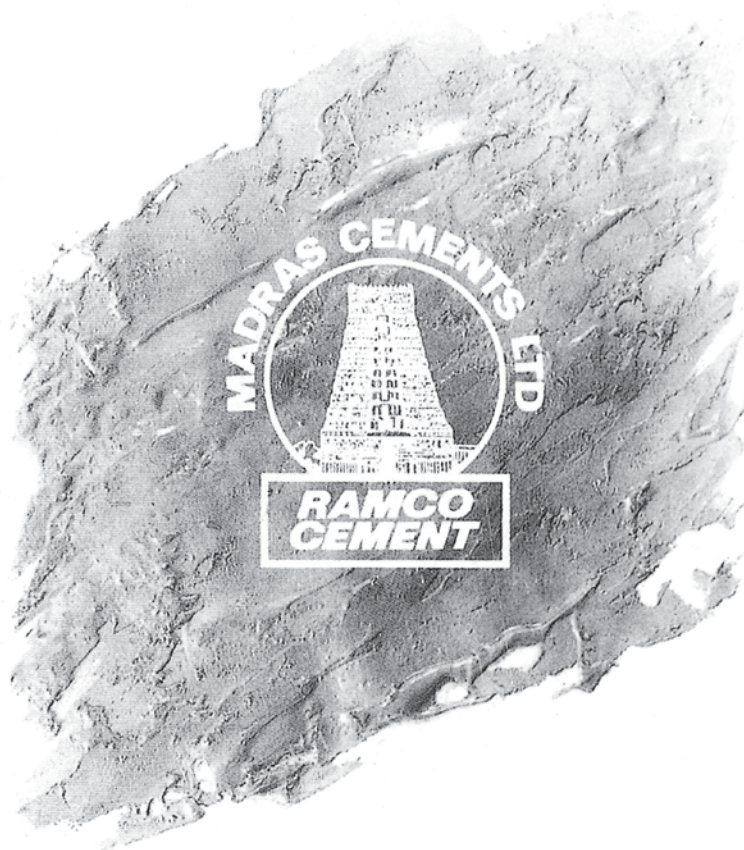


Madras Cements Ltd.

Annual Report

2011-2012





Chairman, Shri.P.R.Ramasubrahmaneya Rajha presenting a cheque for Rs.1 crore to the Honourable Chief Minister of Tamil Nadu, Ms.J.Jayalalithaa, towards Chief Minister's Public Relief Fund for the purpose of relief measures in areas affected by Thane Cyclone.

Jayanthipuram unit bagged the award for Best Organisation for supporting Quality Control Movement. The Award being presented by His Excellency ESL. Narasimhan, Governor of Andhra Pradesh.



Alathiyur Unit bagged the CII Environmental Best Practices Award 2012. The Award being presented by Mr.L.S.Ganapati, Chairman, CII Environmental Best Practices Award Committee, 2012.



MADRAS CEMENTS LTD.

Board of Directors

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

Shri VIBHU NAYAR, 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
Indusind Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
Tamilnad Mercantile Bank Ltd
The Bank of Nova Scotia
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	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Cement										
Capacity (lac tonnes)	59.9	59.9	59.9	59.9	59.9	79.9	99.9	104.9	104.9	104.9
Production (lac tonnes)	35.2	37.0	38.0	47.1	56.7	58.5	65.3	80.3	73.05	75.22
Windfarm										
Capacity (MW)	33.21	33.21	34.44	45.84	63.79	136.00	181.59	185.59	159.19	159.19
Generation (lac units)	455	485	445	378	657	1426	2611	4115	3572	2855
Sales & Other Income (Rs. in Crores)	630.37	699.82	745.11	1013.35	1581.69	2021.35	2471.23	2821.25	2644.69	3287.78
Operating Profit (Rs. in Crores)	154.95	167.12	160.43	215.52	563.50	761.76	793.49	877.29	657.31	969.77
Cash Generation (Rs. in Crores)	85.49	113.25	115.36	147.71	409.92	639.16	628.52	644.97	435.65	699.19
Profit After Tax (Rs. in Crores)	12.96	33.40	55.92	79.02	308.02	408.29	363.52	353.68	210.98	385.11
Number of employees	1743	1669	1642	1686	1955	2260	2447	2583	2593	2626
Contribution to Exchequer (Rs. in Crores)	233	228	275	321	561	610	711	809	839	1186
Face value per share (Rs.)	100	10	10	10	10	10	1	1	1	1
Earnings per share (Rs.)	107	28	46	65	255	343	15	15	9	16
Dividend per share (Rs.)	60	7.50	10	15	25	40	2	2	1.25	2.50
Dividend payout (Rs. in Crores)	7.26	9.07	12.10	18.14	30.24	48.03	47.66	47.66	29.79	59.58
Dividend payout %	56	27	22	23	10	12	13	13	14	15
Operating profit ratio %	24.58	23.88	21.53	21.27	35.63	37.69	32.11	31.10	24.85	29.50
Market price of share (Rs.)										
(a) High	4435	980	1170	2245	3750	5072	198	140	134	169
(b) Low	3245	330	595	932	1745	2500	55	70	85	76
(c) As on 31 st March	3365	762	980	2164	2730	3349	71	122	102	154
Market capitalisation (Rs. in Crores)	406	920	1184	2614	3297	3986	1700	2897	2427	3659
Net worth per share (Rs.)	2193	237	274	323	550	799	52	65	73	86

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 54th Annual General Meeting of the Company will be held at 10.15 A.M. on Thursday, the 2nd August 2012 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 2012 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 2011-2012.
3. To appoint a Director in the place of Shri.P.R.Venketrama Raja 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.6,00,000/- (Rupees Six lakhs only) each, exclusive of out-of-pocket expenses."

Chennai
24-5-2012

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

NOTES:

- (i) 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;
- (ii) 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;
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 28.07.2012 to 02.08.2012 (both days inclusive);
- (iv) The dividend, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 2.8.2012 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 27.7.2012;
- (v) 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;
- (vi) 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

MADRAS CEMENTS LTD.

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
31.03.2005 1 st Interim Dividend 2 nd Interim Dividend Final Dividend	25.08.2004 28.01.2005 10.08.2005	24.08.2011 27.01.2012 09.08.2012	22.09.2011 25.02.2012 07.09.2012
31.03.2006 1 st Interim Dividend 2 nd Interim Dividend Final Dividend	29.10.2005 30.01.2006 27.07.2006	28.10.2012 29.01.2013 26.07.2013	26.11.2012 27.02.2013 24.08.2013
31.03.2007 1 st Interim Dividend 2 nd Interim Dividend Final Dividend	30.10.2006 30.01.2007 27.07.2007	29.10.2013 29.01.2014 26.07.2014	27.11.2013 27.02.2014 24.08.2014
31.03.2008 1 st Interim Dividend 2 nd Interim Dividend Final Dividend	23.10.2007 31.01.2008 11.08.2008	22.10.2014 30.01.2015 10.08.2015	20.11.2014 28.02.2015 08.09.2015
31.03.2009 Interim Dividend Final Dividend	29.01.2009 05.08.2009	28.01.2016 04.08.2016	26.02.2016 02.09.2016
31.03.2010 Interim Dividend Final Dividend	27.10.2009 02.08.2010	26.10.2016 01.08.2017	24.11.2016 31.08.2017
31.03.2011	10.08.2011	09.08.2018	07.09.2018

Chennai
24-5-2012

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

Shri P.R. VENKETRAMA RAJA

Shri P.R.Venketrama Raja, aged 53, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA.

He has been on the Board of Madras Cements Ltd. since 1985.

He holds 9,28,800 shares in the Company.

He is the son of Shri P.R.Ramasubrahmaneya Rajha, Chairman of the Company.

He is also a Director in the following Companies:-

1. Ramco Industries Limited (Vice Chairman & Managing Director)
2. Ramco Systems Limited (Vice Chairman & Managing Director)
3. Rajapalayam Mills Ltd
4. The Ramaraju Surgical Cotton Mills Ltd.
5. Thanjavur Spinning Mill Ltd.
6. Sri Vishnu Shankar Mill Ltd.
7. Sandhya Spinning Mill Ltd.
8. Sri Sandhya Farms (India) Pvt. Ltd.
9. Sri Saradha Deepa Farms Private Ltd.
10. Ramamandiram Agricultural Estate Private Ltd.
11. Nalina Agricultural Farms Private Ltd.
12. Sudharsanam Investments Ltd.
13. Ramco Systems Corporation, USA
14. Ramco Systems Ltd., Switzerland
15. Ramco Systems Sdn Bhd., Malaysia
16. Ramco Systems Pte. Ltd., Singapore
17. Sri Ramco Lanka (Private) Limited, Sri Lanka
18. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
19. RCDC Securities and Investments Private Ltd.
20. Nirmala Shankar Farms & Estates Private Ltd.
21. Sri Nithyalakshmi Farms Private Ltd.
22. Ram Sandhya Farms Private Ltd.
23. RSL Enterprise Solutions (Pty) Ltd., South Africa
24. Sri Harini Textiles Limited
25. Ramco Systems Canada Inc., Canada
26. Deccan Renewable Wind Electrics Limited (Chairman)
27. Rajapalayam Spinners Limited
28. Ramco Systems FZ-LLC

MADRAS CEMENTS LTD.

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Madras Cements Ltd	Audit Committee	Member
	Project Management Committee	Member
	Investors Grievance Committee	Chairman
	Share/Debenture Committee	Member
Ramco Industries Limited	Investors Grievance Committee	Member
	Share Transfer Committee	Member
Ramco Systems Limited	Shareholders Committee	Member
	Allotment Committee	Member
Rajapalayam Mills Limited	Investors Grievance Committee	Member
The Ramaraju Surgical Cotton Mills Limited	Shareholders / Investors Grievance Committee	Member

Shri P.R.Ramasubrahmaneya Rajha, Chairman & Managing Director, being father of Shri P.R.Venketrama Raja, is deemed to be interested in the resolution.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 54th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

	Year ended 31-3-2012 (Rs. in crores)	Year ended 31-3-2011 (Rs. in crores)
Operating Profit: Profit before Interest, Depreciation and Tax (PBIT)	970.26	657.24
Less : Interest	158.45	139.28
Profit before Depreciation and Tax (PBDT)	811.81	517.96
Less : Depreciation	253.90	220.77
	557.91	297.19
Less : Prior Period & Extraordinary items	0.49	(0.07)
Net Profit before Tax	557.42	297.26
Less : Provision for Tax		
Current Tax	112.13	82.38
Deferred Tax	60.18	3.90
Net Profit After Tax	385.11	210.98
Add: Balance Profit from last year	54.06	52.70
Surplus for Appropriation	439.17	263.68
Appropriations:		
1. Transfer to General Reserve	300.00	175.00
2. Interim Dividend	47.66	-
3. Tax on Interim Dividend	7.73	-
4. Final Dividend	11.92	29.79
5. Tax on Final Dividend	1.93	4.83
Balance carried over to Balance Sheet	69.93	54.06
TOTAL	439.17	263.68

SHARE CAPITAL

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

DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Rs.0.50 per share on the equity capital of the Company. Together with the Interim Dividend of Rs.2/- per share paid during the year, the total dividend for the year is Rs.2.50 per share. For the previous year, the Company had paid a dividend of Rs.1.25 per share.

The total dividend for the year amounts to Rs.59.58 crores as against Rs.29.79 crores for the previous year.

TAXATION

An amount of Rs.112.13 crores towards Current Tax, Rs.60.18 crores towards Deferred Tax and Rs.9.66 crores towards Dividend Tax has been provided for the year under review.

MADRAS CEMENTS LTD.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

	2011-12 (In lakh tonnes)	2010-11 (In lakh tonnes)
PRODUCTION & SALES		
Ramasamy Raja Nagar (TN) Factory		
Clinker Produced	6.77	7.05
Cement Produced	11.92	12.57
Cement Despatched	11.92	12.59
Jayanthipuram (AP) Factory		
Clinker Produced	17.53	15.75
Cement Produced	16.32	15.82
Cement Despatched	16.29	15.78
Alathiyur (TN) Factory		
Clinker Produced	15.68	19.21
Cement Produced	20.13	20.49
Cement Despatched	20.46	20.28
Ariyalur (TN) Factory		
Clinker Produced	15.06	12.69
Cement Produced	14.41	13.82
Cement Despatched	14.64	13.81
Methodu (Karnataka) Factory		
Clinker Produced	0.98	1.03
Cement Produced	1.35	1.66
Cement Despatched	1.31	1.69
Salem (TN) Grinding Plant		
Cement Produced	3.89	3.51
Cement Despatched	3.92	3.54
Chengalpattu (TN) Grinding Plant		
Cement Produced	3.21	3.01
Cement Despatched	3.15	3.03
Kolaghat (WB) Grinding Plant		
Cement Produced	3.99	2.17
Cement Despatched	3.95	2.20

During the year under review, the cement production has increased to 75.22 lakh tonnes from 73.05 lakh tonnes of the previous year.

At Ariyalur the Company has installed Line 2 with a capacity of 2 Million Tonnes Per Annum (MTPA). The project was commissioned upto clinkerisation in August 2011. The cement grinding is scheduled to commence in June 2012. Consequently the cement production capacity of the Company will go up from 10.49 MTPA to 12.49 MTPA.



SALES

DOMESTIC

During the year under review, even though, on All India basis the cement industry has shown a growth of 6%, the Southern Region witnessed a decline of 1%. This was primarily due to a fall of 11% in Andhra Pradesh. As against this, Madras Cements Ltd has registered an increase from 72.48 lac tonnes to 75.04 lac tonnes in sale of cement, representing a growth of 4%. The sale value of cement for the current year, net of Excise Duty and VAT amounts to Rs.3,092.37 crores as against Rs.2,448.61 crores for the previous year.

EXPORTS

During the year 0.46 lac tonnes of cement was exported to Sri Lanka as against 0.07 lac tonnes during the previous year. The export turn over of the Company for the year was Rs.14.26 crores as against Rs.1.86 crores of the previous year.

COST

During the year under review, there had been increase in diesel price which had resulted in increase in the cost of road transport for inward raw materials as well as the distribution cost of the finished goods. The increase in the Railway freight rates had also impacted the transportation cost.

In addition to the high cost charged by Tamil Nadu Generation and Distribution Corporation Limited for flyash, the availability of flyash was also poor from the State owned thermal power plants.

The cost of power has also increased during the year under review. In Tamil Nadu, due to the power cut imposed by the State Government, the units generated from wind mills could not be utilised in full. In order to maintain the production levels, the company had resorted to use of Heavy Fuel Oil based power generating sets, thereby resulting in increase in the power cost.

The state electricity boards in Andhra Pradesh and West Bengal have also increased their electricity tariff. This has resulted in increase in the cost of power for the plants situated in the respective states.

Due to increase in the cost of imported coal, the generation cost of the Company's captive thermal power plants and the fuel cost have increased during the current year compared to the previous year.

The depreciation cost has gone up due to addition of assets and commissioning of Ariyalur Line 2 upto clinkerisation and Power Plants during the year.

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

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

READY MIX CONCRETE DIVISION

The Division has produced 48,807 cu.m of concrete during the year, accounting for a revenue of Rs.17.14 Crores as against 59,589 cu.m. of concrete accounting for a revenue of Rs.18.06 Crores during the previous year.

DRY MORTAR DIVISION

The Division has produced 26,558 tonnes of Dry Mortar during the year as against 27,156 tonnes produced during the previous year. The Division has sold 26,682 tonnes of Dry Mortar accounting for Rs.16.13 crores during the year as against 27,089 tonnes of Dry Mortar accounting for Rs.14.08 Crores during the previous year.

WIND FARM DIVISION

The Division has generated 2,855 Lac Kwh during the year as compared to 3,572 Lac Kwh of the previous year. Out of 2752 lac units generated in Tamil Nadu, 697 lac units are meant for adjustment against the power consumed in our plants and balance 2055 lac units have been sold to Tamil Nadu Electricity Board (TNEB) for a value of Rs.61.59 crores. Inclusive for the power sold during the previous year, a sum of Rs.64.91 crores is outstanding from TNEB.

MADRAS CEMENTS LTD.

The income during the year from the Division was Rs.96.18 Crores as against Rs.122.28 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.

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 also increased to Rs.3288 Crores as against Rs.2645 Crores of the previous year. This is the first time, the Company's turnover has crossed *trois mille* milestone. It is gratifying to report that the Company reached Rs.100 crore mark on completion of 30 years; Rs.1000 crore mark on completion of 48 years; Rs.2000 crore mark on completion of 50 years and Rs.3000 crore mark on completion of 54 years.

During the year under review, the Company had taken various measures to reduce the impact of the raising costs. The captive power generating sources were utilised in an optimal manner to have the power cost under control. The Company has increased the sale quantity of blended cement. These measures, coupled with better sales and realisation, have made the operating profit and net profit for the year higher at Rs.970.26 crores and Rs.385.11 crores, as against Rs.657.24 crores and Rs.210.98 crores respectively of the previous year.

CHANGES IN STATUTORY LEVIES

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

EXCISE DUTY

With effect from 17.3.2012, in the Union Budget for the year 2012-13, the Excise Duty on cement has been increased from 10% ad valorem + Rs.160 per tonne to 12% on MRP after abatement of 30% + Rs.120/- per tonne. For Cement cleared other than in packaged form, the duty has been increased from 10% ad valorem to 12% ad valorem.

CUSTOMS DUTY

Customs duty on imported coal was levied at the rate of 2% for Indonesian Origin & 5% for other than Indonesian sources. The customs duty on coal is removed irrespective of its origin with effect from 17.3.2012.

SERVICE TAX

Service Tax has been increased from 10% to 12% with effect from 1.4.2012.

VALUE ADDED TAX (VAT)

In Tamil Nadu, the rate of VAT has been increased from 12.5% to 14.5% with effect from 12.7.2011.

In Puducherry, the rate of VAT has been increased from 12.5% to 14.5% with effect from 1.1.2012.

In Kerala, the rate of VAT has been increased from 12.5% to 13.5% with effect from 1.4.2012.

ENTRY TAX

In West Bengal, Entry Tax @ 1% has been introduced with effect from 1.4.2012.

NEW PROJECTS

As already reported, at Ramasamy Raja Nagar the Company is in the process of installing a Roll Press for increasing the cement grinding capacity from the present level of 210 TPH to 260 TPH. The cost of the project, including installation of Kankar Crusher and Flyash Handling System is Rs.110 crores. The project is expected to be commissioned in March 2013.

At Salem Grinding Unit, the Company is in the process of installing a Roll Press for increasing the cement grinding capacity from the present level of 90 TPH to 230 TPH at a cost of Rs.60 crores. The project is expected to be commissioned in the year 2012-13.



POWER PLANTS

In Salem Grinding Unit, a Heavy Fuel Oil based power generator of 5 MW was commissioned in August 2011.

In Ariyalur, the Company had commissioned 2 x 20 MW thermal power plant in 2010-11 and another 20 MW thermal power plant is proposed to be commissioned in the first quarter of 2012-13.

In Ramasamy Raja Nagar, a 25 MW thermal power plant would be commissioned in the first quarter of 2012-13.

PROSPECTS FOR 2012-2013

Demand for cement is expected to grow at 8% in the coming year due to the continued fillips given for the infrastructure projects. The Company expects to sustain and improve the output levels of all the units during the year. Also, the Company will have the benefit of increased production from its new projects, which will enable the Company to meet the increased market demand for cement. The Company continues its endeavour for the sale of Blended Cement. The Company also continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability.

CONSERVATION OF ENERGY, ETC.

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

INDUSTRIAL RELATIONS & PERSONNEL

The Company has 2626 employees as on 31.3.2012. Industrial relations in all the Units continue to be cordial and healthy. Employees at all levels are extending their full support and are actively participating in the various programmes for energy conservation and cost reduction. There is a special thrust on Human Resources Development with a view to promoting creative and Group effort.

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

AWARDS

The Company's Units secured many Awards during the year in Mines Safety, Mines Environment & Mineral Conservation and Quality Circles.

DIRECTORS

The Government of Tamil Nadu withdrew the nomination of Shri.G.Sundaramurthi, I.A.S with effect from 8.7.2011 and had appointed Shri.Vibhu Nayar, I.A.S as their Nominee Director on the Company's Board with effect from 11.8.2011.

The Directors wish to place on record the valuable guidance and services rendered by Shri.G.Sundaramurthi, 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, Shri.P.R.Venketrama Raja 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 2012 were Rs.2.36 crores including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. This also includes 44 deposits aggregating to Rs.12.11 lacs which had fallen due on or before 31.3.2012 but not claimed by the depositors. Reminders have been sent to these depositors for disposal instructions. On the date of this report, Rs.2.62 lacs thereof have been claimed and refunded/renewed in respect of 10 depositors.

MADRAS CEMENTS LTD.

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 54th 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 31.3.2012 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 2010-11 due to be filed with Ministry of Corporate Affairs by 27th September 2011, had been filed on 24th September 2011. The Cost Audit Report for the financial year 2011-12 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 2012, the applicable accounting standards had been followed;
- The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts were prepared on a going concern basis.

ACKNOWLEDGEMENT

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

Chennai
24-5-2012

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

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



ANNEXURE I TO DIRECTORS' REPORT

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

A. Conservation of Energy

(a) Energy conservation measures taken

Ramasamy Raja Nagar

- Installation of Variable Frequency Drive for Line 2 Bag House Fan.
- Replacement of Cement Mill Separator Bagfilter Screw Conveyor with Airslide.
- Introduction of Water Spray in Preheater of Line 1 Kiln.
- Provision of Chute in the place of Belt Conveyor in the Packing House.
- Installation of High Efficient Hot Gas Fan in Coal Mill.

Jayanthipuram

- Trimming of Reverse Air Bag House Fan Impeller in Line 2.
- Optimisation of utilisation of Packers with single compressor.
- Installation of Slip Power Recovery System in Line 1 Kiln Induced Draft Fan.
- Installation of Slip Power Recovery System in Line 1 Baghouse Fan.
- Optimisation of Bagfilter Purging System in Slag Mill.
- Modification of Ducts in Line 1 Coal Mill Section.

Alathiyur

- Installation of Steam Tracer instead of Electric Heater in Generator Auxiliaries.
- Installation of Medium Voltage Frequency Drive for Line 2 Kiln Induced Draft Fan.
- Installation of Booster Fan in Line 1 Cement Mill.
- Installation of Variable Frequency Drive for Line 2 Cement Mill Fan.

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

Ramasamy Raja Nagar

- Installation of Medium Voltage Drive for Circulating Air Fan of Vertical Pre-grinder for Raw Mill.

Jayanthipuram

- Installation of Variable Frequency Drives for Cement Mill Vent Fan, Hot Electro Static Precipitator, Slag Mill Fan and Coal Mill Fan.

Alathiyur

- Installation of Medium Voltage Drive in Kiln Induced Draft Fan.

MADRAS CEMENTS LTD.

- (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
(ii) Initiatives taken to increase exports
(iii) Development of new export markets for products and services
(iv) Export plans

45,566 tonnes of cement was exported to Sri Lanka during 2011-12. We are in the process of developing new markets in Sri Lanka, Maldives and East African countries for exporting clinker and cement including bulk cement.

- (g) (i) Total Foreign Exchange used (including Capital Goods)
(ii) Total Foreign Exchange earned

Rs.357.90 Crores

Rs.14.26 Crores (C.I.F. Value)



FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

	2011-12	2010-11
1. Electricity		
(a) Purchased (including Power purchased from APGPCL)		
Units (lac KWH)	1605.96	2207.08
Total amount (Rs.in lacs)	8058.13	10569.76
Rate per Unit (Rs.)	5.02	4.79
(b) Own Generation		
(i) Through HFO Based Generator		
Units (lac KWH)	261.68	706.41
Units per litre of HFO (KWH)	3.53	3.81
Cost per Unit (Rs.)	11.40	7.60
(ii) Through Thermal Generator		
Units (lac KWH)	4010.70	3113.53
Units per kg. of fuel (KWH)	1.20	1.02
Cost per Unit (Rs.)	4.21	3.85
2. Coal / Pet coke/ others		
Quantity (lac tonnes)	6.85	7.79
Total cost (Rs.in lacs)	44907.09	38107.21
Average rate (Rs.)	6553.98	4892.43
3. Furnace Oil		
Quantity (lac litres)	72.59	182.01
Total cost (Rs.in lacs)	2597.97	4655.53
Average rate (Rs.)	35.79	25.58
4. Others - Diesel Oil		
Quantity (lac litres)	8.90	8.37
Total cost (Rs.in lacs)	374.64	327.04
Average rate (Rs.)	42.10	39.10

B. Consumption per unit of production

Product : Cement
Unit : Tonne

	Standards	2011-12	2010-11
Electricity (KWH per tonne of cement)	95	78.15	82.51
Coal (percentage of clinker)	16	12.23	13.98

MADRAS CEMENTS LTD.

FORM B

DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

Research & Development (R & D)

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

- a. Detailed study for utilization of alternative raw materials and fuels in the plants.
- b. Evaluation of the impact of different additives in the process.
- c. Quality assessment of Kankar and effect of screening to improve quality.
- d. Quality assessment of limestone from various new sources.
- e. Burnability studies for new Rawmix designs and development of cost effective mix designs.
- f. Microscopic studies to analyse the clinker phases and crystal size to improve the quality.
- g. Development of Concrete Mix designs with different admixtures to suit the customer requirements.
- h. Development of high grade concrete with high slump and high retention time.

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

- a. Low cost additives utilization.
- b. Uniform quality of clinker from all the units.
- c. Increased addition of Flyash without affecting quality.

3. Future plan of action

- a. Maximising the usage of Kankar.
- b. Evaluation of Alternate fuels from new sources.
- c. Co-ordinating with Dry Mortar Plant to develop new products.
- d. Finding Suitable and Low cost Admixtures.

4. Expenditure on R&D

Rs. in crores

- | | |
|--|------|
| a. Capital | NIL |
| b. Recurring | 8.99 |
| c. Total | 8.99 |
| d. Total R & D expenditure as percentage of total income | 0.27 |

Technology absorption, adaptation and innovation

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



ANNEXURE II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

2. BOARD OF DIRECTORS

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

During the year under review, five Board Meetings were held, one each on 25.05.2011, 09.08.2011, 07.11.2011, 03.02.2012 and 21.03.2012.

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	5	100
2	Shri G.Sundaramurthi, I.A.S.*	ND	-	--
3	Shri Vibhu Nayar, I.A.S. #	ND	-	--
4	Shri P.R.Venketrama Raja	PD	3	60
5	Dr.A.Ramakrishna	ID	4	80
6	Shri R.S.Agarwal	ID	5	100
7	Shri M.B.N.Rao	ID	5	100

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

ND – Nominee Director;
PD – Promoter Director.

* Shri.G.Sundaramurthi, I.A.S, ceased to be a Director with effect from 08.07.2011.

Shri.Vibhu Nayar, I.A.S, became a Director on 11.08.2011.

MADRAS CEMENTS LTD.

The previous Annual General Meeting of the Company was held on 10th August 2011 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

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.madrascements.com



3. COMMITTEES OF THE BOARD OF DIRECTORS

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

a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

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

Composition:

The Audit Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri R.S.Agarwal, Chairman of the Committee	5
2.	Shri P.R.Venketrama Raja	4
3.	Dr.A.Ramakrishna	5

No. of Meetings held during the year : 5

Date of the meetings : 24.05.2011, 09.08.2011, 06.11.2011, 01.02.2012 & 21.03.2012.

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

Sl. 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

Sl. 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 : 24.05.2011

MADRAS CEMENTS LTD.

(d) INVESTORS GRIEVANCE COMMITTEE

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

No. of meetings held during the year : 1

Date of the meeting : 30.03.2012

No. of complaints received and redressed during the year : NIL

(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.

4. BOARD PROCEDURE

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

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

5. REMUNERATION OF DIRECTORS

Shri P.R.Ramasubrahmaneya Rajha, Chairman & Managing Director is paid a remuneration of Rs.29.34 crores comprising, salary of Rs.0.24 crores, benefits of Rs.0.06 crores and commission of Rs.29.04 crores.

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

6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31.03.2012

Name of the Director	No. of Shares
Shri Vibhu Nayar, I.A.S.	NIL
Shri P.R.Venketrama Raja	9,28,800
Dr.A.Ramakrishna	80,200
Shri R.S.Agarwal	45
Shri M.B.N.Rao	NIL



7. MANAGEMENT

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

8. SHAREHOLDERS

For appointment/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

K. SRINIVASAN
Partner
Membership No. 21510

Chennai
24.05.2012

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

C.N. GANGADARAN
Partner
Membership No. 11205

MADRAS CEMENTS LTD.

SHAREHOLDER INFORMATION

Registered Office

'Ramamandiram'
Rajapalayam - 626 117, Tamil Nadu

Corporate Office

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

Cement Division

Cement Plants

Ramasamy Raja Nagar - 626 204
Virudhunagar District, Tamil Nadu

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

Govindapuram Village - 621 713
Ariyalur District, Tamil Nadu

Jayanthipuram
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
Vengaiwasal, Chennai - 601 302, Tamil Nadu

Dry Mortar Plant

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

Ramco Research & Development Centre

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

Wind Farm Division

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

b) Vani Vilas Sagar and GIM II Hills in Karnataka

Person to be contacted for shareholder enquiries

K. SELVANAYAGAM
Secretary (Compliance Officer)
Madras Cements Ltd.
Auras Corporate Centre, V Floor
98-A, Dr. Radhakrishnan Road
Mylapore, Chennai - 600 004, Tamil Nadu
Phone : 28478666 Fax : 28478676
E Mail : ksn@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 2012-13 has been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.

Stock Code

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



GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31.3.2009	5.8.2009	10.15 A.M.	P.A.C.R. Centenary Community Hall, Sudarsan Gardens P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.
31.3.2010	2.8.2010	10.15 A.M.	-do-
31.3.2011	10.8.2011	10.15 A.M.	-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
02.08.2012	10.15 A.M.	P.A.C.R. Centenary Community Hall, Sudarsan Gardens P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April 2011 to March 2012)

Board Meeting for consideration of Accounts and recommendation of dividend	24.05.2012
Posting of Annual Report	On or before 09.07.2012
Book Closure date	28.07.2012 to 02.08.2012 (both days inclusive)
Last date for receipt of Proxy form	Before 10.15 AM on Tuesday, the 31 st July 2012
Date of the 54 th AGM	02.08.2012
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 * Long Term	A1+ LA+
Long Term Loans	LA+

MADRAS CEMENTS LTD.

DEPOSITORY SYSTEM

The Company's shares have been mandated for trading in dematerialized form by all categories of investors with effect from 17.1.2000. The Company's shares are available for dematerialization both under National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31st March 2012, 93.24% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No.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 31.3.2012.

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@madrascelements.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 provided 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.938.13 lacs.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March 2012.

for MADRAS CEMENTS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director
Chennai
24.05.2012

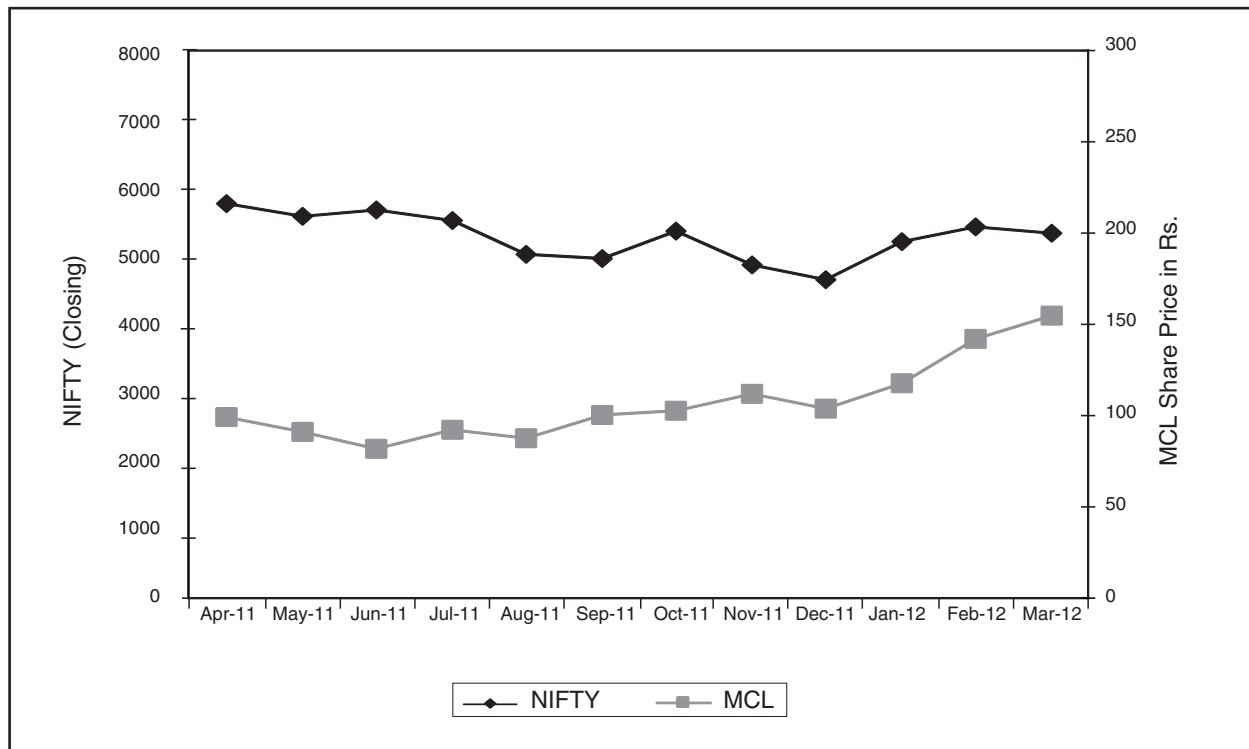


STATISTICAL DATA

Share Price - High & Low / Volume (From April 2011 to March 2012 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 2011	111	98	4,97,400	111	99	2,98,642
May	100	87	4,25,035	104	86	3,51,951
June	93	80	4,64,268	93	80	1,98,312
July	96	76	7,10,953	96	81	4,04,035
August	95	80	7,03,161	95	80	3,91,213
September	106	85	5,69,749	106	84	4,23,902
October	110	97	4,84,919	110	96	2,86,401
November	122	101	5,59,197	123	102	4,48,567
December	120	93	7,27,037	120	100	3,50,103
January 2012	118	98	10,19,893	118	101	4,80,457
February	169	110	2,35,959	155	116	5,60,447
March	159	136	5,78,635	159	136	6,64,231
Year 2011-12	169	76	69,76,206	159	80	48,58,261

MCL Share Price Movement



MADRAS CEMENTS LTD.

Pattern of Shareholding as on 31-03-2012

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1) Promoters	14	0.06	100703560	42.32
Sub-total	14	0.06	100703560	42.32
B. NON-PROMOTERS HOLDING				
1) Mutual Funds	46	0.19	22089307	9.28
2) Banks, FI's, Ins.Cos., Govt.Institutions	17	0.07	28689925	12.06
3) Foreign Institutional Investors	54	0.23	15493516	6.51
4) Non-Resident Indians	398	1.68	599829	0.25
5) Indian Companies	483	2.04	19201537	8.07
6) Residents	22713	95.73	51191706	21.51
Sub-Total	23711	99.94	137265820	57.68
Total	23725	100.00	237969380	100.00

Distribution of Shareholding as on 31-03-2012

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto – 500	17931	75.58	2261718	0.95
501 to 1000	1789	7.54	1552362	0.65
1001 to 2000	1247	5.26	2175840	0.91
2001 to 3000	391	1.65	1042606	0.44
3001 to 4000	676	2.85	2638185	1.11
4001 to 5000	178	0.75	850660	0.35
5001 to 10000	679	2.86	5213581	2.20
10001 & above	834	3.51	222234428	93.39
Total	23725	100.00	237969380	100.00

Category of Shareholding as on 31-03-2012

No. of Shares Held	Total Shareholders	%	Total Shares	%
Dematerialised Form				
CDSL	6364	26.83	5815267	2.44
NSDL	16409	69.16	216072753	90.80
Physical Form	952	4.01	16081360	6.76
Total	23725	100.00	237969380	100.00



AUDITORS' REPORT TO MEMBERS OF MADRAS CEMENTS LTD.

1. We have audited the attached Balance Sheet of **Madras Cements Ltd.**, Rajapalayam as at 31st March, 2012, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. As per representations made by the company and its Directors, no Director is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b. in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

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

K. SRINIVASAN
Partner
Membership No. 21510
Chennai
24-05-2012

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

C.N. GANGADARAN
Partner
Membership No. 11205

MADRAS CEMENTS LTD.

ANNEXURE TO THE AUDITORS' REPORT

With reference to paragraph 3 of our report to the members of Madras Cements Ltd. of even date, in our opinion and to the best of knowledge and belief and 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
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed during the year were not substantial and therefore the going concern status of the company has not been affected.
2. Inventories
 - a. The management has conducted physical verification at reasonable intervals in respect of its inventory.
 - b. The procedure for physical verification of inventory followed by the management is reasonable and is adequate in relation to the size of the company and the nature of its business.
 - c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. Loans and advances
 - a. The company has granted loans aggregating to Rs.104.75 crores during the year (maximum outstanding at any time during the year - Rs.20.00 crores, outstanding as on 31st March 2012 - Rs.13.00 crores) to 1 party listed in the register maintained under section 301 of the Companies Act, 1956.
 - b. The rate of interest and other terms and conditions of loans given by the company are not, prima facie, prejudicial to the interest of the company.
 - c. The payment of the principal amounts and the interest wherever applicable are regular.
 - d. There is no overdue amount with respect to above loans.
 - e. The company has taken loans aggregating to Rs.20.26 crores (maximum outstanding at any time during the year - Rs.5.88 crores, outstanding as on 31st March 2012 - Rs 1.53 crores) from 1 party listed in the register maintained under section 301 of the Companies Act, 1956.
 - f. The rate of interest and other terms and conditions of loan taken by the company are not, prima facie, prejudicial to the interest of the company.
 - g. The loans given/taken by the company are repayable on demand and have been received/paid on demand.
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
 - a. Particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
 - b. These transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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
 - a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.



- b. The disputed statutory dues aggregating to Rs.187.86 crores that have not been deposited on account of matters pending before appropriate authorities are as under

Sl. No.	Name of the statute	Forum where dispute is pending	Amount (Rs. in crores)
1	Income Tax Act	High Court	13.21
2	Sales Tax Act	Assistant / Deputy Commissioner, Appeals	0.64
		Appellate Tribunal	0.01
		High Court	0.55
3	CST Act	Assessing Authority	0.37
		Assistant / Deputy Commissioner, Appeals	0.03
		High Court	0.23
4	VAT Act	Assistant / Deputy Commissioner, Appeals	8.70
		High Court	5.36
5	Central Excise Act & Cenvat Credit Rules	Assistant / Deputy / Additional Commissioner	84.72
		Commissioner, Appeals	6.20
		Appellate Tribunal	60.44
		High Court	0.19
		Supreme Court	7.21
Total			187.86

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions, banks or debenture 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 parties consisting of related parties ([Ramco Systems Limited - Guarantee given Rs.145.00 crores; Loans outstanding Rs.145.00 crores]; [Sandhya Spinning Mills Limited - Guarantee given Rs.59.38 crores; Loans outstanding Rs.35.62 crores], [Thanjavur Spinning Mills Limited - Guarantee given Rs.58.00 Crores ; Loans outstanding 48.00 Crores]) to secure loans availed from banks by the respective companies are not prejudicial to the interests of Madras Cements Ltd.
16. The Company has raised new 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 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
K. SRINIVASAN
Partner
Membership No. 21510
Chennai
24-05-2012

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

MADRAS CEMENTS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in Crores)

	Notes	As at 31-03-2012	As at 31-03-2011
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	A	23.80	23.80
Reserves and Surplus	B	2,026.58	1,710.71
		<u>2,050.38</u>	<u>1,734.51</u>
Non Current Liabilities			
Long Term Borrowings	C	1,500.75	1,642.83
Deferred Tax Liabilities	D	649.18	589.00
Other Long Term Liabilities	E	319.73	287.48
Long Term Provisions	F	32.88	12.39
		<u>2,502.54</u>	<u>2,531.70</u>
Current Liabilities			
Short Term Borrowings	G	613.19	338.30
Trade Payables		93.93	139.52
Other Current Liabilities	H	671.97	839.46
Short Term Provisions	I	126.23	121.14
		<u>1,505.32</u>	<u>1,438.42</u>
Total		<u><u>6,058.24</u></u>	<u><u>5,704.63</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	J	4,064.21	3,741.54
Intangible Assets	J	50.94	51.41
Capital Work in Progress		522.34	539.08
Intangible Assets Under Development	J	5.21	6.57
Non Current Investments	K	266.47	267.27
Long Term Loans and Advances	L	110.14	166.17
Other Non Current Assets	M	3.16	7.54
		<u>5,022.47</u>	<u>4,779.58</u>
Current Assets			
Inventories	N	491.09	392.88
Trade Receivables	O	207.94	175.13
Cash and Bank Balances	P	47.49	40.01
Short Term Loans and Advances	Q	289.25	317.63
		<u>1,035.77</u>	<u>925.05</u>
Total		<u><u>6,058.24</u></u>	<u><u>5,704.63</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
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Firm Registration No. 004915S
C.N.GANGADARAN
Partner
Membership No.11205

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

A.RAMAKRISHNA
R.S.AGARWAL
M.B.N.RAO
Directors

Chennai
24-05-2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	2011-12	2010-11
Revenue from Operations	R	3,256.74	2,616.22
Other Income	S	31.04	28.47
Total Revenue		3,287.78	2,644.69
EXPENSES			
Cost of Materials Consumed	T	437.60	409.80
Changes in Inventories of Finished Goods and Work-in-progress	U	(0.78)	(19.14)
Employee Benefits Expense	V	171.21	154.01
Finance Costs	W	158.45	139.28
Depreciation and Amortization Expense		253.90	220.77
Other Expenses	X	1,709.88	1,442.78
Total Expenses		2,730.26	2,347.50
Profit Before Exceptional and Extraordinary Items and Tax		557.52	297.19
Extraordinary Items (Expenses)/Income		(0.10)	0.07
Profit Before Tax		557.42	297.26
Tax Expenses			
Current Tax		112.13	82.38
Deferred Tax		60.18	3.90
Total Tax Expenses		172.31	86.28
Profit for the year		385.11	210.98
Earning Per equity share of face value of Rs.1 each			
Basic and Diluted in Rupees		16	9

As per our report annexed

For M.S.JAGANNATHAN &
N.KRISHNASWAMI
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K.SRINIVASAN
Partner
Membership No. 21510

Chennai
24-05-2012

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Directors

MADRAS CEMENTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	(Rs. in Crores)	
	2011-12	2010-11
Cash flow from operating activities		
Net profit, before tax and prior period and extraordinary items	557.52	297.19
Adjustments for:		
(Profit)/Loss on sale of assets	(0.79)	(2.18)
Depreciation	253.90	220.77
Interest & Dividend received	(5.99)	(4.39)
Rent Receipt	(7.24)	(7.20)
Interest paid	158.45	139.28
Amortisation of Intangible Assets	8.96	4.59
Operating profit before working capital changes	964.81	648.06
Adjustments for:		
Trade and other receivables	96.11	(5.80)
Earmarked Balances with Banks	(25.15)	0.06
Inventories	(98.81)	20.27
Trade payables	40.28	29.88
Cash generated from operations	977.24	692.47
Direct Taxes paid	113.45	73.31
Cash flow before prior period and extraordinary items	863.79	619.16
Extraordinary Items	0.00	0.00
Net cash from operating activities	863.79	619.16
	A	
Cash flow from investing activities		
Purchase of fixed assets	(569.22)	(836.82)
Sale of fixed assets	3.77	139.08
Interest & Dividend received	5.99	4.39
Purchase of Investments	(0.02)	(0.02)
Rent Receipt from investment property	7.24	7.20
Redemption of Investments	0.00	0.00
Net cash used in investing activities	(552.24)	(686.17)
	B	



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(Rs. in Crores)

		2011-12	2010-11
Cash flow from financing activities			
Proceeds from long term borrowings		768.65	1386.40
Proceeds from short term borrowings		611.09	81.89
Repayment of long term borrowings		(1124.30)	(1095.30)
Repayment of short term borrowings		(336.20)	(148.33)
Payment of dividend and tax thereon		(90.01)	(13.89)
Interest paid		(158.45)	(139.28)
Net cash from financing activities	C	<u>(329.22)</u>	<u>71.49</u>
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	<u>(17.67)</u>	<u>4.48</u>
Opening balance of cash and cash equivalents	D	37.28	32.80
Closing balance of cash and cash equivalents	E	19.61	37.28
Net increase / (decrease) in cash and cash equivalents	(E-D)	<u>(17.67)</u>	<u>4.48</u>
Earmarked Balances with Banks		27.88	2.73
Closing cash and Bank Balance		47.49	40.01

As per our report annexed

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

Chennai
24-05-2012

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Registration No. 004915S
C.N.GANGADARAN
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A.RAMAKRISHNA
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M.B.N.RAO
Directors

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

(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
31-03-2012**

25.00

**As at
31-03-2011**

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

**No. of
Shares
4,93,12,420
20.72**

**No. of
Shares
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:

11,89,86,190

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

17,94,810



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31-03-2012	As at 31-03-2011
(Rs. in Crores)		
NOTE B		
RESERVES AND SURPLUS		
Capital Redemption Reserve	1.38	1.38
General Reserve:		
Balance as per last financial statement	1,655.27	1480.27
Add: Balance transferred from surplus balance in the statement of profit and loss	300.00	175.00
Closing Balance	1955.27	1655.27
Surplus/(Deficit) in the statement of profit and loss:		
Balance as per last financial statement	54.06	52.70
Profit for the year	385.11	210.98
Balance available for appropriations	439.17	263.68
Less: Appropriations:		
Interim Dividend	47.66	0.00
Tax on interim dividend	7.73	0.00
Proposed Final dividend	11.92	29.79
Tax on proposed dividend	1.93	4.83
Transfer to general reserve	300.00	175.00
Total Appropriations	369.24	209.62
Net surplus in the statement of profit and loss	69.93	54.06
Total	2026.58	1710.71
NOTE C		
LONG TERM BORROWINGS		
Secured		
Term Loan from Banks	975.41	1078.81
Sub Total	975.41	1078.81
Unsecured		
Fixed Deposits	1.79	1.20
Interest free sales tax loan	523.55	562.82
Sub Total	525.34	564.02
Total	1500.75	1642.83

1. Term loans from banks are secured by pari-passu charges on fixed assets of the company.
2. Maturity profiles of term loan from banks and interest free sales tax loans are furnished in Disclosure to the Financial Statements vide SI No. 3.

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in Crores)

	As at 31-03-2012	As at 31-03-2011
NOTE D		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Asset		
Tax effect of provision for leave encashment	4.09	3.66
Tax effect of provision for bad and doubtful debts	3.33	3.40
	<u>7.42</u>	<u>7.06</u>
Deferred Tax Liability		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	655.60	594.52
Tax impact of amortization of intangible assets	1.00	1.54
	<u>656.60</u>	<u>596.06</u>
Net Deferred Tax Liability	<u>649.18</u>	<u>589.00</u>
NOTE E		
OTHER LONG TERM LIABILITIES		
Trade Payables	42.33	34.19
Security deposits from customers	277.40	253.29
Total	<u>319.73</u>	<u>287.48</u>
NOTE F		
LONG TERM PROVISIONS		
Provision for leave encashment	11.30	10.78
Provision for taxation	21.58	1.61
Total	<u>32.88</u>	<u>12.39</u>



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31-03-2012	As at 31-03-2011
(Rs. in Crores)		
NOTE G		
SHORT TERM BORROWINGS		
Secured		
Term loans from banks	201.00	178.00
Foreign currency loans from banks	111.67	29.73
Rupee loans from banks	107.37	46.64
Sub Total (#)	420.04	254.37
Unsecured		
Loans Repayable on Demand		
Loan from Directors	1.53	1.99
Fixed Deposits	0.57	1.87
Other Loans and Advances		
Loan from banks	0.00	60.00
Foreign currency loans from banks	142.27	20.07
Loan from mutual funds	48.78	0.00
Sub Total	193.15	83.93
Total	613.19	338.30
(#) Secured by hypothecation of current assets of the company		
NOTE H		
OTHER CURRENT LIABILITIES		
Current maturities of Long Term debt	596.47	810.04
Interest accrued but not due	3.98	2.53
Unpaid dividends	27.83	2.68
Disputed Dividend	0.46	0.46
Unpaid redeemable Preference Share	0.00	0.01
Customer's credit balance	33.22	18.51
Statutory duties and taxes recovery payable	9.70	4.91
Recovery from employees payable	0.31	0.32
Total	671.97	839.46
NOTE I		
SHORT TERM PROVISIONS		
Provision for leave encashment	1.32	0.24
Provision for taxation	111.06	86.28
Proposed Dividend	13.85	34.62
Total	126.23	121.14

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

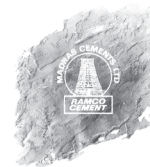
NOTE J

FIXED ASSETS

(Rs. in Crores)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1-4-2011	Additions	Deductions/ adjustments	As at 31-3-2012	As at 1-4-2011	For the year	Deductions/ adjustments	Upto 31-3-2012	As at 31-3-2012	As at 31-3-2011
TANGIBLE ASSETS										
Own assets										
Land	310.66	8.62	0.00	319.28	0.00	0.00	0.00	0.00	319.28	310.66
Buildings	360.34	62.97	0.43	422.88	38.43	9.86	0.20	48.09	374.79	321.91
Plant & Equipments	4127.71	491.12	11.49	4607.34	1171.87	224.35	10.06	1386.16	3221.18	2955.84
Railway Siding	55.85	0.26	0.00	56.11	13.26	2.34	0.00	15.60	40.51	42.59
Workshop, Quarry Equipments etc.,	44.33	3.31	4.25	43.39	21.46	3.40	4.04	20.82	22.57	22.87
Research & Development Equipments	66.87	0.00	0.00	66.87	35.95	4.63	0.00	40.58	26.29	30.92
Furniture & Fixtures	18.93	2.94	0.04	21.83	8.01	1.25	0.02	9.24	12.59	10.92
Office Equipments	24.55	1.63	0.03	26.15	13.29	2.15	0.01	15.43	10.72	11.26
Vehicles	14.07	4.66	2.17	16.56	5.90	1.34	1.10	6.14	10.42	8.17
Aircrafts in Joint Venture (#)	7.19	0.00	0.00	7.19	0.53	0.40	0.00	0.93	6.26	6.66
Leased assets										
Land	19.99	0.00	0.00	19.99	0.25	0.14	0.00	0.39	19.60	19.74
Total - Tangible Assets	5050.49	575.51	18.41	5607.59	1308.95	249.86	15.43	1543.38	4064.21	3741.54
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	20.78	5.06	7.40	18.44	0.00	0.00	0.00	0.00	18.44	20.78
Flyash collection rights	4.64	0.00	1.56	3.08	0.00	0.00	0.00	0.00	3.08	4.64
Computer software	21.02	6.76	0.00	27.78	8.58	3.33	0.00	11.91	15.87	12.44
Total - Intangible Assets	59.99	11.82	8.96	62.85	8.58	3.33	0.00	11.91	50.94	51.41
INTANGIBLE ASSETS UNDER DEVELOPMENT										
Mine development	2.24	1.29	0.00	3.53	0.00	0.00	0.00	0.00	3.53	2.24
Computer software	4.33	0.00	2.65	1.68	0.00	0.00	0.00	0.00	1.68	4.33
Total - Intangible Assets under Development	6.57	1.29	2.65	5.21	0.00	0.00	0.00	0.00	5.21	6.57
CAPITAL WORK IN PROGRESS										
	539.08	565.53	582.27	522.34	0.00	0.00	0.00	0.00	522.34	539.08

(#) The company owns 1/6 share and 1/2 share in two aircrafts in joint ownership.



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in Crores)

	Face Value	As at 31-03-2012	As at 31-03-2011
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		2.31	1.59
Depreciation for the year		0.71	0.71
Net Block		40.16	40.88
Total Investment property	(A)	177.73	178.45
Non trade investments (valued at cost)			
Unquoted equity instruments			
AP Gas Power Corporation 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 Limited (21,17,810 shares including 4,84,000 shares of Rs.10/-each fully paid up allotted pursuant to scheme of Demerger of Ramco Systems Limited)	2.12	36.91	36.91
Associated Cements Company Ltd. (103 shares including 4 bonus shares of Rs10/- 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 Rs10/- each fully paid up)	-	-	-
Heidelberg Cements India Ltd. (170 shares including 20 bonus shares of Rs10/- each fully paid up)	-	-	-
Chettinad Cement Corporation Ltd. (100 shares including 50 bonus shares of Rs.10/- each fully paid up)	-	-	-
Rajapalayam Mills Ltd. (7,25,000 shares including 3,69,200 bonus shares of Rs10/- 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		0.20	0.10
Total	4.27	65.95	66.05
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 (1,12,345 units of Rs. 10 each)	0.11	0.15	0.13
Total Quoted Instruments	(C)	66.61	66.69
Market Value		96.77	100.66
Aggregate Value of Investments	(A+B+C)	266.47	267.27

MADRAS CEMENTS LTD.

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31-03-2012	As at 31-03-2011
(Rs. in Crores)		
NOTE L		
LONG TERM LOANS AND ADVANCES		
Secured and Considered Good		
Capital advances	11.95	56.83
Loans and advances to employees	10.44	11.34
Sub Total	22.39	68.17
Unsecured and Considered Good		
Deposits and Balance with Govt. Departments	21.65	21.91
Deposit with suppliers	6.08	5.44
Advance to suppliers	4.42	22.37
Advance recoverable in cash or kind	55.22	48.13
Loans and Advances to related parties	0.38	0.15
Sub Total	87.75	98.00
Total	110.14	166.17
NOTE M		
OTHER NON-CURRENT ASSETS		
Considered Good		
Trade receivables - secured	1.27	1.30
Trade receivables - unsecured	1.89	6.24
Considered Doubtful		
Trade receivables - unsecured	10.25	10.25
Provision for Doubtful debts	(10.25)	(10.25)
Total	3.16	7.54
NOTE N		
INVENTORIES		
Raw Materials	137.22	80.99
Stores, Spares, Fuel and Packing Materials	270.92	228.80
Work-in-progress	47.86	43.56
Finished goods (*)	35.09	38.93
Total	491.09	392.28

(*) Includes finished goods in transit of Rs.0.66 Crores (PY: Rs.0.53 Crores)



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31-03-2012	As at 31-03-2011
(Rs. in Crores)		
NOTE O		
TRADE RECEIVABLES		
Secured and Considered Good		
Trade receivables less than 6 months	143.77	142.69
Trade receivables more than 6 months	0.05	0.09
Unsecured and Considered Good		
Trade receivables less than 6 months	15.25	17.54
Trade receivables more than 6 months	48.87	14.81
Total	<u>207.94</u>	<u>175.13</u>
NOTE P		
CASH AND BANK BALANCE		
Cash and Cash Equivalents		
Cash on hand	0.09	0.08
Stamp paper and imprest	0.05	0.03
Balance in current account	19.47	37.17
Other Bank Balances		
Term Deposits (*)	0.05	0.05
Dividend Warrant accounts	27.83	2.68
Total	<u>47.49</u>	<u>40.01</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	13.06	12.01
Advances to suppliers	27.82	72.35
Tax Credits - Indirect Taxes	63.37	82.44
Advance income tax paid, TDS and refund receivable	147.47	79.14
Advance recoverable in cash or kind	22.43	44.08
MAT Credit Entitlement	5.96	16.90
Loans and advances to employees	3.02	3.46
Deposits and Balance with Govt. Departments	1.35	1.98
Prepaid Expenses	4.77	5.27
Total	<u>289.25</u>	<u>317.63</u>

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Crores)

	2011-12	2010-11
NOTE R		
REVENUE FROM OPERATIONS		
Sale of products		
Domestic Sales - Cement	3506.19	2780.96
Domestic Sales - Clinker	0.00	0.04
Exports - Cement	14.26	1.86
Ready Mix Concrete	17.32	18.08
Dry Mortar Mix	17.76	15.46
Self consumption - Cement	14.63	18.71
Self consumption - Dry Mortar Mix	0.00	0.05
	14.63	18.76
Power generated from Wind Mills	96.18	122.28
Other Operating Income		
Industrial Promotion assistance	20.66	11.33
Gross revenue from operations	3687.00	2968.77
Less:		
Excise Duty and Cess	430.26	352.55
Revenue from operations	3256.74	2616.22
NOTE S		
OTHER INCOME		
Interest income	3.65	2.92
Dividend income	2.34	1.47
Sundry receipts	0.51	0.59
Scrap sales	16.34	14.11
Rent receipts	7.24	7.20
Carbon Credit sales	0.17	0.00
Profit on sale of assets	0.79	2.18
Total	31.04	28.47



NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Crores)

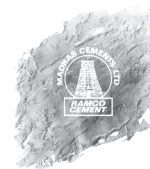
	2011-12		2010-11	
NOTE T				
COST OF MATERIALS CONSUMED				
Cement				
Lime stone	195.64		193.43	
Pozzolona Material	91.36		71.96	
Gypsum	43.69		42.05	
Laterite	16.78		15.87	
Iron Ore	6.60		4.51	
Other Additives	6.22		7.78	
Freight & Handling - Inter unit clinker Transfer	55.01		51.78	
Material handling expenses	4.74		4.77	
		420.04		392.15
Ready Mix Concrete				
Cement	3.91		4.55	
Aggregates	4.54		5.06	
Others	0.27		0.31	
		8.72		9.92
Dry Mortar Mix				
Cement	4.88		4.40	
White Cement	0.63		0.54	
Additives	3.33		2.79	
		8.84		7.73
Total		437.60		409.80
Imported and indigeneous raw materials consumed				
Imported	9.45	2.16%	5.89	1.44%
Indigenous	428.15	97.84%	403.91	98.56%
Total	437.60	100.00%	409.80	100.00%

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Crores)

	2011-12	2010-11
NOTE U		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Closing Stock		
Finished Goods	35.09	38.93
Work-in-progress	47.86	43.56
	<u>82.95</u>	<u>82.49</u>
Opening stock		
Finished Goods	38.93	29.77
Work-in-progress	43.56	35.28
	<u>82.49</u>	<u>65.05</u>
(Increase)/Decrease in stock	(0.46)	(17.44)
Excise Duty on stock variance	(0.32)	(1.70)
Net (Increase)/Decrease in stock	<u>(0.78)</u>	<u>(19.14)</u>
NOTE V		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	142.77	127.76
Workmen and Staff Welfare	13.29	11.77
Contribution to Provident Fund	8.84	7.30
Contribution to Gratuity Fund	2.54	3.51
Contribution to Superannuation Fund	3.77	3.67
Total	<u>171.21</u>	<u>154.01</u>
NOTE W		
FINANCE COSTS		
Interest on term loans	138.78	140.58
Interest on fixed deposits	0.22	0.26
Applicable loss on foreign currency transactions and translations	16.68	(1.99)
Other borrowing costs	2.77	0.43
Total	<u>158.45</u>	<u>139.28</u>



NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Crores)

	2011-12	2010-11
NOTE X		
OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	730.38	660.74
Packing Materials consumption	124.80	103.95
Stores and Spares consumption	64.42	65.66
Repairs to plant and equipments	36.33	32.27
Repairs to buildings	8.38	6.96
Repairs to vehicles and locomotives	7.42	5.22
General repairs	0.79	0.90
	972.52	875.70
Establishment Expenses		
Managing Director's Remuneration	29.34	15.63
IT & Communication expenses	18.67	12.87
Corporate Social Responsibility expenses	9.38	4.32
Insurance	8.99	10.08
Exchange Difference (Net)	10.16	0.00
General Administration Expenses	8.42	6.64
Travelling expenses	7.10	5.63
Rates and taxes	6.16	5.57
Rent	5.61	4.91
Input tax credit reversal	3.08	2.83
Miscellaneous Expenses	3.15	2.69
Legal and Consultancy expenses	1.90	1.14
Bank Charges	0.73	0.62
Cement Cess	0.56	0.52
Prior Period Items (IT & Communication expenses)	0.38	0.00
Auditors' Remuneration and expenses	0.20	0.17
Board Meeting expenses	0.06	0.04
Directors' Sitting fees	0.05	0.04
	113.94	73.70
Selling and Distribution Expenses		
Transportation and Handling Expenses	561.45	464.26
Advertisement expenses	20.88	12.77
Other selling expenses	31.17	9.65
Agency commission	5.77	5.80
Bad debts	4.15	0.90
	623.42	493.38
Total	1709.88	1442.78

MADRAS CEMENTS LTD.

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Crores)

	2011-12		2010-11	
Imported and Indigeneous Stores and Spare Parts consumed				
Imported	3.61	5.60%	4.95	7.54%
Indigenous	60.81	94.40%	60.71	92.46%
Total	<u>64.42</u>	<u>100.00%</u>	<u>65.66</u>	<u>100.00%</u>
NOTE Y				
VALUE OF IMPORTS CALCULATED ON C.I.F BASIS IN RESPECT OF:				
Raw Materials	4.27		5.33	
Stores and spare parts	5.47		9.26	
Coal and Petcoke	308.43		125.74	
Packing Materials	10.03		4.80	
Capital Goods	27.25		96.03	
	<u>355.45</u>		<u>241.16</u>	
Expenditure in Foreign Currency on account of:				
Interest	1.72		0.14	
Supervision Charges for Foreign Technician	0.49		0.57	
Foreign Travel	0.07		0.02	
Subscription and Periodicals	0.15		0.00	
Quality Certification Fees	0.01		0.00	
	<u>2.44</u>		<u>0.73</u>	
Earning in Foreign Currency				
Export of Cement calculated on FOB Basis	<u>13.91</u>		<u>1.86</u>	

As per our report annexed

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

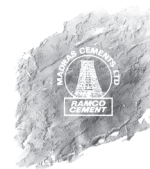
Chennai
24-05-2012

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

A.RAMAKRISHNA
R.S.AGARWAL
M.B.N.RAO
Directors



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 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 From the beginning of the reporting period, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statements which has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. Current year and previous year figures have been reported in Crores with two decimals.

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 less impairment losses if any. 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 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, are measured as the difference between the net disposal proceeds and the carrying amount of such assets and 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 which are not amortised in accordance with AS-26.

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".

5. Impairment of Assets

An asset is treated as impaired when 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, are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties and 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. The cost of conversion includes direct costs, including a 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. 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 and CST.
- 9.4 Dividend income is recognised when the company's right to receive dividend is established by the reporting date.
- 9.5 Income from Wind Mills
 - a. Under wheeling and banking arrangement
Units generated from wind mills are adjusted against the consumption of power at the factories. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges



SIGNIFICANT ACCOUNTING POLICIES (Contd.)

has been included in power & fuel. The value of unadjusted units as on the Balance Sheet date has been included under short term loans and advances.

b. **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.

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 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. The company also contributes annually for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary subject to a maximum of Rs.1 Lac per annum to Madras Cements Ltd. Officer's Superannuation Fund administered by trustees and managed by LIC of India. 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 Day's 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. Un-provided 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.

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.

MADRAS CEMENTS LTD.

14. Foreign currency transactions

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

15. Earnings per share

Net profit after tax is divided by the weighted average number of equity shares including un-allotted 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

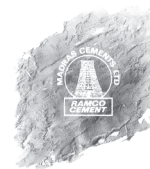
The tax provision is considered as stipulated in AS-22 (Accounting for Taxes on Income) and includes current and deferred tax liability. The company recognises the deferred tax liability based on the accumulated timing difference using the current tax rate.

18. Segment Reporting

- 18.1 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 are identified considering the nature of the products, the differing risks and returns. The valuation of inter segment transfers are based on prevailing market prices.
- 18.2 The company caters mainly to the needs of the domestic market and thus there are no reportable geographical segments.
- 18.3 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.
- 18.4 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.

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 31-3-2012

		(Rs. in Crores)	
		As at 31-3-2012	As at 31-3-2011
1.	Contingent Liabilities:		
1.1	Unexpired Letters of credit for purchase of:		
	- Spares, Raw Material & Fuel	4.27	40.85
	- Capital Goods	8.19	114.20
1.2	Guarantees given by the bankers on behalf of company	28.10	25.62
1.3	Guarantees given to bankers to avail loan facilities by Group companies:		
	- Thanjavur Spinning Mill Limited	58.00	31.00
	- Sandhya Spinning Mill Ltd	59.38	59.38
	- Ramco Systems Limited	145.00	115.00
1.4	Income tax assessments have been completed up to the accounting year ended on 31 st March 2009 i.e., Assessment Year 2009-10. 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.23.52 Crores (PY: Rs.36.61 Crores), the department has adjusted Rs.10.31 Crores (PY: Rs.23.40 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.22.52 Crores, (PY: Rs.22.59 Crores) against which Rs.6.63 Crores (PY: Rs.8.94 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, amounting to Rs.158.76 Crores as at 31-3-2012 (PY Rs.121.90 Crores) remain un-paid, 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'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".		
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 1-1-1992 to 30-10-1997. The amount remaining un-paid is Rs.0.85 Crores.		
1.9	TNEB has imposed Rs.1.39 crores towards penalty, alleging shortfall in lifting of flyash as per the terms of MoU entered into with the Company. TNEB has made the calculation based on the estimation of flyash quantity that could have been generated for the quantity of coal used by them, instead of ascertaining the actual availability of flyash 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 flyash 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 flyash. Further TNEB has also proposed to increase the rate to Rs.700/- per tonne of flyash. In the writ petitions filed by the Company and other similarly affected companies, the Honourable High Court of Madras, has stayed the proposals.
- 1.11 TANGEDCO has raised a demand towards compensation charges of Rs.0.75 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 Competition Commission of India has ordered their Office of Director General to investigate into the matter of alleged increase in the prices of cement by cement manufacturing companies and working as a cartel. The Company has provided the information as required by the Director General. Similar notices have also been served to other cement manufacturing companies. The hearings have been completed and judgement is awaited.
- 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, Andhra Pradesh Transmission Corporation 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 and obtained an interim stay. The court passed orders in favour of the industries. The APTRANSCO has preferred an appeal to the Honourable Supreme Court.
- 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 1.7.97 vide Government of India Gazette Extraordinary No.472E dated 30.6.97. The amount that may become payable in case it is ultimately held that penalty is leviable for non-compliance of the Act during the intervening period is presently not quantifiable.
- 1.17 The Andhra Pradesh State Electricity Board (APSEB) had hiked the wheeling charges with effect from 24-3-2002. As a result, the cost of power the company is getting from A P Gas Power Corporation Ltd (APGPCL) had gone up by Rs.0.84 per unit. APGPCL and other affected consumers including Madras Cements Ltd. 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 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 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.0.24 Crores, being the 1/3rd portion upto 31-3-2012.
- 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 31-1-1995, which was sought to be withdrawn to Industries set up after 14-2-1997 as per G.O.Ms. No.17 dated 14-2-1997. 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.1.41 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 16-5-2008, 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 30-6-2008, 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 disentitlement 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
31-3-2012 As at
31-3-2011

2. Commitments

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

108.62 387.37

3. The Maturity profile of the Long Term Borrowings as on 31-3-2012 is as follows:

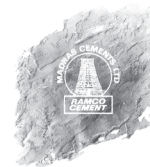
Term Loans from Banks:

Rate of Interest in %	2015-16		2014-15		2013-14		TOTAL (Rs. in Crores)
	No. of instalments	Amount (Rs. in Crores)	No. of instalments	Amount (Rs. in Crores)	No. of instalments	Amount (Rs. in Crores)	
8.10	2	10.43	12	91.65	12	91.66	193.74
8.25	1	8.33	10	107.50	12	161.66	277.49
8.35	–	–	4	16.66	4	16.67	33.33
8.50	5	37.49	12	83.34	12	83.34	204.17
8.90	2	33.32	4	66.68	4	66.68	166.68
10.75	–	–	–	–	1	100.00	100.00
	10	89.57	42	365.83	45	520.01	975.41

The rates of interest on the above loans are due for re-set during 2012-13 with prepayment option.

Interest free sales tax Loans:

Year	Alathiyur Unit		Mathodu Unit		Jayanthipuram Unit		TOTAL (Rs. in Crores)
	No. of instalments	Amount (Rs. in Crores)	No. of instalments	Amount (Rs. in Crores)	No. of instalments	Amount (Rs. in Crores)	
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	–	–	–	–	–	–	0.00
2020-21	6	54.73	–	–	–	–	54.73
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	14.00	–	–	46.47
2013-14	7	25.38	1	14.00	–	–	39.38
		414.15		28.00		81.40	523.55



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

Name	Closing balance as on 31.03.2012 (Rs. in Crores)	Interest @8% p.a. for the year 2011-12 (Rs. in Crores)
P.R.Ramasubrahmaneya Rajha	1.53	0.11

5. Extraordinary items represent provision for diminution in value of investments created during the year for Rs.0.10 Crores (PY: Rs.(-) 0.07 Crores)

6. Auditors' remuneration (excluding Service Tax) & expenses:

(Rs. in Crores)

	2011-12	2010-11
A. Statutory Auditors:		
a. As Auditors	0.12	0.10
b. For Taxation matters	0.01	0.01
c. Management services	0.01	0.00
d. Other services	0.01	0.03
e. For reimbursement of expenses	0.03	0.02
B. Cost Auditors:		
a. As Auditors	0.02	0.01
	<u>0.20</u>	<u>0.17</u>

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 2011-12 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 31-3-2012 (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 11,12,200 shares equivalent to 4.15 MW power is 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	2,27,800	0.85	0.08
The Ramaraju Surgical Cotton Mills Ltd	2,14,400	0.80	0.08
Sri Vishnu Shankar Mill Ltd	2,27,800	0.85	0.08
Sandhya Spinning Mill Ltd	2,27,800	0.85	0.08
Sri Harini Textiles Limited	2,14,400	0.80	0.08

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

10. Research and Development expenses for the year are Rs.8.99 Crores (PY: Rs.8.26 Crores) including Rs.5.34 Crores towards Depreciation (PY: Rs.4.15 Crores).

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11. The un-adjusted units generated from the windmills as on 31-3-2012 are 7.30 Lacs KWH (PY: 7.48 Lacs KWH) and its monetary value of Rs.0.32 Crores (PY: Rs.0.33 Crores) has been included in "Advances recoverable in cash or kind".
12. The Pre-operative expenses incurred on account of insurance premium of Rs.0.77 Crores (PY: Rs.0.53 Crores) and borrowing costs of Rs.35.06 Crores (PY: Rs.22.24 Crores) relating to acquisition / construction of assets have been capitalized during the year.
13. 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.20.36 crores (PY: Rs.11.33 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 company is also eligible for incentives under "Industrial Investment Promotion Policy, 2005-10 Scheme" in respect of expansion of cement manufacturing capacity in Jayanthipuram plant in the state of Andhra Pradesh for the year 2009-10. A sum of Rs.0.30 crores (PY: Nil) accrued as reimbursement of 25% of incremental VAT paid, is also credited to Statement of Profit and Loss, under other operating income.
14. As per AS-15, the disclosures pertaining to "Employee Benefits" are given below:

Defined Contribution Plan:

	(Rs. in Crores)	
	2011-12	2010-11
Employer's Contribution to Provident Fund	8.84	7.30
Employer's Contribution to Superannuation Fund	3.77	3.67

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

Reconciliation of opening and closing balances of obligation:

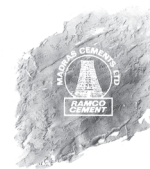
Defined Benefit obligation as at the beginning of the year	21.27	18.08
Current Service Cost	1.68	1.55
Interest Cost	1.62	1.37
Actuarial loss	1.05	2.13
Benefits paid	(-) 1.95	(-) 1.86
Defined Benefit obligation as at the end of the year	23.67	21.27

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

Fair value of plan assets as at the beginning of the year	21.27	18.08
Expected return on plan assets	1.26	1.18
Actuarial gain	0.55	0.36
Employer contribution	2.54	3.51
Benefits paid	(-) 1.95	(-) 1.86
Fair value of plan assets as at the end of the year	23.67	21.27

Actual Return on plan assets:

Expected return on plan assets	1.26	1.18
Actuarial gain on plan assets	0.55	0.36
Actual return on plan assets	1.81	1.54



Reconciliation of fair value of assets and obligations:

(Rs. in Crores)

	2011-12	2010-11
Fair value of plan assets	23.67	21.27
Present value of obligation	23.67	21.27
Difference	Nil	Nil
Unrecognized past service cost - non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	Nil	Nil

Expense recognized during the year:

Current Service Cost	1.68	1.55
Interest Cost	1.62	1.37
Expected return on plan assets	(-) 1.26	(-) 1.18
Actuarial loss	0.50	1.77
Past service cost - non-vested benefits	Nil	Nil
Past service cost - vested benefits	Nil	Nil
Net Cost	2.54	3.51

Investment Details as on 31-3-2012:

GOI Securities	0.08	0.10
State Government Securities	0.02	0.01
High Quality Corporate Bonds	0.05	0.08
Funds with LIC	21.58	19.43
Bank balance	0.04	0.02
Interest & IT refund receivable	1.90	1.62
Total	23.67	21.27

Actuarial assumptions:

LIC 1994-96 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	4%	4%

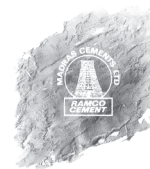
Details of the Leave encashment plan (Un-funded) are as follows:

Reconciliation of opening and closing balances of obligation:

Defined Benefit obligation as at the beginning of the year	11.02	9.35
Current Service Cost	0.58	0.53
Interest Cost	0.83	0.71
Actuarial loss	1.41	1.34
Benefits paid	(-) 1.22	(-) 0.91
Defined Benefit obligation as at the end of the year	12.62	11.02

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	(Rs. in Crores)	
	2011-12	2010-11
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	1.22	0.91
Benefits paid	(-) 1.22	(-) 0.91
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:		
Fair value of plan assets	Nil	Nil
Present value of obligation	12.62	11.02
Difference	12.62	11.02
Unrecognized past service cost - non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	12.62	11.02
Expense recognized during the year:		
Current Service Cost	0.58	0.53
Interest Cost	0.83	0.71
Expected return on plan assets	Nil	Nil
Actuarial loss	1.41	1.34
Past service cost - non-vested benefits	Nil	Nil
Past service cost - vested benefits	Nil	Nil
Net Cost	2.82	2.58
Investment Details as on 31-3-2012:		
GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	Nil	Nil
Bank balance	Nil	Nil
Total	Nil	Nil
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for service mortality rate	Yes	Yes
Discount rate p.a	8%	8%
Expected rate of return on plan assets p.a	Nil	Nil
Rate of escalation in salary p.a	4%	4%



15. The Segment Information for the year ended 31st March, 2012 is detailed below:

	(Rs. in Crores)					
	Cement		Windmill Power		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE						
External Sales (Net)	3160.57	2493.95	61.11	62.95	3221.68	2556.90
Inter Segment Sale			35.06	59.32	35.06	59.32
Total Sales	3160.57	2493.95	96.17	122.27	3256.74	2616.22
Other income	18.11	15.00	0.18	1.95	18.29	16.95
Total Revenue	3178.68	2508.95	96.35	124.22	3275.03	2633.17
RESULT						
Segment Result	798.82	469.26	28.33	58.43	827.15	527.69
Unallocated Income					9.10	8.60
Unallocated Expenses					123.93	102.74
Operating Profit					712.32	433.55
Interest Expense					158.45	139.28
Interest Income					3.65	2.92
Income tax - Current					112.13	82.38
- Deferred					60.18	3.90
Profit from ordinary activities					385.21	210.91
Extraordinary items					(-)0.10	0.07
Net Profit					385.11	210.98
OTHER INFORMATION						
Segment Assets	4770.80	4507.81	667.05	692.58	5437.85	5200.39
Unallocated Assets					620.39	504.24
Total Assets					6058.24	5704.63
Segment Liabilities	1062.87	1095.71	0.15	0.14	1063.02	1095.85
Unallocated Liabilities					2944.84	2874.27
Total Liabilities					4007.86	3970.12
Capital Expenditure	557.58	815.74	—	1.10	557.58	816.84
Unallocated Capital Expenditure					7.95	19.98
Depreciation	202.17	166.18	45.41	49.26	247.58	215.44
Unallocated Depreciation Expenditure					6.32	5.33
Non-Cash expenses other than Depreciation	—	—	—	—	—	—

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16. Earnings per Share:

Particulars	(Rs. in Crores)	
	2011-12	2010-11
Net profit after tax (A)	385.11	210.98
Adjusted Weighted average number of Equity shares including un-allotted 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.	16.16	8.85
Net profit after tax but before extraordinary items (C)	385.21	210.91
Basic & Diluted earnings per share excluding extraordinary items (C)/(B) in Rs.	16.16	8.85

17. 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:

Rajapalayam Mills Limited

The Ramaraju Surgical Cotton Mills Limited

Ramco Industries Limited

Sri Vishnu Shankar Mill Ltd.

Ramco Systems Limited

Sandhya Spinning Mill Ltd.

Thanjavur Spinning Mill Limited

Sri Harini Textiles Limited

Rajapalayam Spinners Limited

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

1. Amounts paid to Key Managerial Personnel:

Name of the Related Party	Amount	Nature of Payment
P.R.Ramasubrahmaneya Rajha	29.34	Managerial Remuneration
	0.11	Interest accrued/paid
P.R.Venketrama Raja	0.01	Sitting fees
	0.01	Rent

2. Investments held jointly:

The details are provided under Point No.9 of "Disclosures forming part of Financial Statements".

3. Inter corporate Deposits given:

Name of the Related Party	Maximum outstanding during the Year	Interest	Outstanding as on 31-3-2012
Ramco Systems Limited	20.00	1.74	13.00



4. *Goods supplied:*

Cement

Name of the Related Party	Value	Outstanding receivable as on 31-3-2012
Rajapalayam Mills Limited	0.10	Nil
Ramco Industries Limited	52.58	0.10
Sandhya Spinning Mill Ltd.	0.01	Nil
Sri Vishnu Shankar Mill Ltd.	0.02	Nil
Thanjavur Spinning Mill Limited	0.03	Nil
Sri Harini Textiles Limited	0.04	Nil
The Ramaraju Surgical Cotton Mills Limited	0.03	Nil

Electrical energy

Thanjavur Spinning Mill Limited	1.43	Nil
The Ramaraju Surgical Cotton Mills Limited	0.94	Nil
Sri Vishnu Shankar Mill Ltd.	1.10	Nil
Rajapalayam Mills Limited	2.79	Nil
Sandhya Spinning Mill Ltd.	0.60	Nil
Rajapalayam Spinners Limited	0.19	Nil
Ramco Industries Limited	0.89	Nil

Others

Ramco Industries Limited

Flyash	0.48	Nil
Grinding media	0.01	Nil

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

Name of the Related Party	Value of Goods and Services	Outstanding payable as on 31-3-2012	Nature of goods / services
Ramco Industries Limited	1.37	Nil	Purchase of fibre sheets & silicate boards
Ramco Systems Limited	19.73	(-) 0.06	Purchase of software/hardware products and availing software related services.

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6. *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	20.00
	Punjab & Sind Bank	15.00
	Kotak Mahindra Bank Ltd	40.00
	Indusind Bank	25.00
	Karur Vysya Bank	30.00
	HDFC Bank	10.00
Sandhya Spinning Mill Ltd.	Corporation Bank	5.00
	Indian Bank	59.38

7. *Rent Receipts:*

Name of the Related Party	Amount	Outstanding as on 31-3-2012
Ramco Systems Limited	7.82	Nil

8. *Amount received by virtue of joint ownership of shares of APGPCL:*

Name of the Related Party	Amount	Outstanding receivable as on 31-3-2012
Rajapalayam Mills Limited	0.03	Nil
The Ramaraju Surgical Cotton Mills Limited	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

9. *Purchase of DEPB license:*

Name of the Related Party	Value	Outstanding receivable as on 31-3-2012
Thanjavur Spinning Mill Limited	0.64	Nil
The Ramaraju Surgical Cotton Mills Limited	0.03	Nil
Sri Vishnu Shankar Mill Ltd.	0.54	Nil
Rajapalayam Mills Ltd.	0.55	Nil
Sandhya Spinning Mill Ltd.	0.20	Nil
Rajapalayam Spinners Limited	0.01	Nil
Ramco Industries Limited	0.35	Nil

10. *Assets held jointly:*

Aircraft-1

Name of the Related Party	Share of joint ownership in Aircraft
Ramco Industries Limited	50%

Aircraft-2

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

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 54th Annual General Meeting of the Company to be held on
Thursday, the 2nd August 2012 at 10.15 A.M. and at any adjournment thereof.

Signed this day of July 2012.

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 vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.15 A.M. on Tuesday, the 31st July 2012.



A view of Ariyalur Plant.

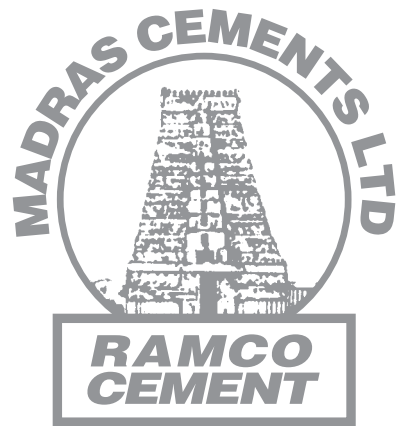


A view of Thermal Power Plant at Ariyalur.



P.A.C.Ramasamy Raja Industrial Training Centre at Ariyalur.

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
