

Madras Cements Ltd.

Annual Report

2006-2007





Shri P.R. Ramasubrahmaneya Rajha, CMD and Shri P.R. Venketrama Raja, Director at the "Vasthu Pooja" of Ariyalur project.

Excellent Energy Efficiency Shield, instituted by CII, awarded to Alathiyur unit being received from Shri Arcot N. Veerasamy, Hon'ble Minister for Power, Government of Tamil Nadu.





MADRAS CEMENTS LTD.

Board of Directors

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

Shri M.RAMAN, I.A.S.,
Nominee of Government of Tamil Nadu

Shri M.G.BALASUBRAMANIAN, I.A.S., (Retd.)
Nominee of SIPCOT

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

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

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

Bankers

Canara Bank

Citi Bank, N.A.

HDFC Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Indian Bank

Indian Overseas Bank

Standard Chartered Bank

State Bank of Hyderabad

State Bank of India

UTI 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
31, Premier Flats, Karur Bypass Road
Tiruchirappalli - 620 002, Tamil Nadu.

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

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MADRAS CEMENTS LTD.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

DESCRIPTION	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sales & Earnings											
Sales & Other Income	41969	48972	52371	51907	62083	70937	63037	69982	74511	101335	158169
Operating Profit	14000	15674	15762	15296	17818	18031	15351	16700	15865	21481	56329
Cash generation	10820	7841	8510	9087	11181	10147	8734	11740	12276	18046	40991
Net profit	7774	3311	3992	4022	4840	3746	2148	4998	5202	8252	33801
Assets Employed											
Net Fixed Assets	61524	65554	64996	75314	95588	100712	98444	93315	98477	100119	125897
Investments	1959	1927	2543	5031	5033	5734	5728	6685	7962	8867	8875
Net Current Assets	7474	12912	9478	11646	12402	10484	10773	9646	14935	9838	22024
TOTAL	70957	80393	77017	91991	113023	116930	114945	109646	121374	118824	156796
Financed by :											
A. Shareholders' Funds											
(a) Equity Shareholders' investment	302	302	302	302	302	302	302	302	302	302	302
(b) Bonus shares	896	896	905	905	905	905	906	906	906	906	906
Reserves and surplus	27707	30171	32508	35587	39234	25003	25275	27397	31840	37792	65275
Deferred Tax Liability	-	-	-	-	-	17110	17962	16620	19230	19580	22580
Total Shareholders' funds (A)	28905	31369	33715	36794	40441	43320	44445	48225	52278	58580	89063
B. Borrowed funds											
Short term borrowings	1697	4251	4591	7165	7795	12545	12195	4490	25982	18354	17231
Foreign Currency loans	5105	2236	765	-	-	2770	9245	18951	1850	-	-
Sales Tax Deferral	1858	2810	5592	7275	8850	10896	13632	17725	22276	28891	37155
Others	33392	39727	32354	40757	55937	47399	35428	20255	18988	12999	13347
Total Borrowings (B)	42052	49024	43302	55197	72582	73610	70500	61421	69096	60244	67733
TOTAL (A)+(B)	70957	80393	77017	91991	113023	116930	114945	109646	121374	118824	156796



FINANCIAL HIGHLIGHTS

DESCRIPTION	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Capacity (Lac tonnes)	18.5	27.5	27.5	34.5	57.5	59.9	59.9	59.9	59.9	59.9	59.9
Production (Lac tonnes)	18.1	23.0	25.8	27.2	26.5	31.8	35.2	37.0	38.0	47.1	56.7
Number of employees	1542	1473	1712	1724	1748	1750	1743	1669	1642	1686	1955
Contribution to Exchequer (Rs. in lacs)	13530	16553	17393	17261	18113	21081	23349	22828	27544	32137	56107
Earnings per share (Rs.)*	638	269	321	324	366	212	107	28	46	65	255
Dividend %	55	55	55	55	55	60	60	75	100	150	250
Dividend payout %	9.41	22.10	18.50	18.36	15.15	19.34	38.05	20.45	26.41	21.95	8.93
P/E ratio	11.75	15.79	11.89	11.24	10.70	20.05	31.45	27.21	21.38	33.29	10.70
Price to book value ratio	3.14	1.64	1.37	1.20	1.26	1.96	1.53	3.22	3.59	6.70	4.96
Operating profit ratio %	33.36	32.01	30.10	29.47	28.70	25.42	24.35	23.86	21.29	21.20	35.61
Gross fixed assets per share (Rs.)	6545	7225	7477	8702	10062	11623	11969	1200	1300	1358	1489
Market price of share (Rs.)*											
(a) High	13000	9200	5020	8640	5574	5150	4435	980	1170	2245	3750
(b) Low	6800	2900	3120	2950	3360	3501	3245	330	595	932	1745
Market capitalisation (Rs. in lacs)	89850	50921	46186	44063	50717	51454	40642	92033	118777	261381	329748
Net worth per share (Rs.)*	2390	2594	2788	3042	3344	2171	2193	237	274	323	550
Debt-Equity Ratio (on long term Borrowings)	1.14	1.13	0.67	0.82	1.09	1.29	1.05	0.80	0.35	0.18	0.12
Current Ratio	1.98	2.53	2.26	2.29	2.05	1.84	1.85	1.65	1.90	1.43	1.56

* Note : 1. Bonus shares were issued in the ratio of 1:1 in 1992-93 and 1994-95.

2. Earnings per share from the year 2001-02 is calculated after considering Deferred Tax Liability.

3. Equity shares of Rs.100/- each were sub-divided into 10 shares of Rs. 10/- each with effect from 15.11.2003.

MADRAS CEMENTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the 49th Annual General Meeting of the Company will be held at 10.15 A.M. on Friday, the 27th July, 2007 at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam – 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2007 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 2006-2007.
3. To appoint a Director in the place of Dr.A.Ramakrishna, who retires by rotation and is eligible for re-appointment.
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.3,00,000/- (Rupees Three lacs only) each, exclusive of out-of-pocket expenses.”

SPECIAL BUSINESS:

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

“RESOLVED that subject to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors of the Company for commencing and undertaking all or any of the businesses specified in the newly introduced Sub-Clauses 17A to 17D in the Objects Clause of the Memorandum of Association of the Company.”

By Order of the Board,
For MADRAS CEMENTS LTD.

Chennai
30-5-2007

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



NOTES:

- (i) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.5 of the Notice is annexed hereto;
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company;
- (iii) Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting;
- (iv) The Register of Members and the Share Transfer Books of the Company will remain closed from 20-7-2007 to 27-7-2007 (both days inclusive);
- (v) The dividend, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 27-7-2007 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 19-7-2007;
- (vi) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend;
- (vii) Under the provisions of Section 205 C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
31-03-2000	09-08-2000	08-08-2007	06-09-2007
31-03-2001	01-08-2001	31-07-2008	29-08-2008
31-03-2002	07-08-2002	06-08-2009	04-09-2009
31-03-2003	11-08-2003	10-08-2010	08-09-2010
31-03-2004			
Interim Dividend	25-10-2003	24-10-2010	22-11-2010
Final Dividend	28-07-2004	27-07-2011	25-08-2011
31-03-2005			
1 st Interim Dividend	25-08-2004	24-08-2011	22-09-2011
2 nd Interim Dividend	28-01-2005	27-01-2012	25-02-2012
Final Dividend	10-08-2005	09-08-2012	07-09-2012
31-03-2006			
1 st Interim Dividend	29-10-2005	28-10-2012	26-11-2012
2 nd Interim Dividend	30-01-2006	29-01-2013	27-02-2013
Final Dividend	27-07-2006	26-07-2013	24-08-2013

MADRAS CEMENTS LTD.

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

ITEM No.5

The Company is engaged in manufacture of cement.

As a measure of diversification, the Company is considering entering into industries, viz., Sugar & its by-products, Pharmaceuticals, Power, Solar power appliances and Textiles.

These new businesses may be advantageously combined with the present businesses of the Company, especially with the Company's strong administrative and technical abilities and wide marketing network.

The Postal Ballot forms for getting the approval of the Members for inclusion of Sub-Clauses 17A to 17D in the Objects Clause of the Memorandum of Association of the Company are being sent to the Members.

The proposed Sub-Clauses 17A to 17D are reproduced below:

17A "To carry on in India or elsewhere the business to manufacture, produce, process, crush, extract, reclaim, convert, commercialize, control, develop, distribute, derive, treat, grade, manipulate, prepare, promote, supply, import, export, buy, sell, turn to account, and to act as agent, broker, concessionaire, consultant, collaborator, job worker, export house or otherwise to deal in all varieties, colours, dimensions, descriptions, characteristics, applications and uses of sugar including cane sugar, beet sugar, maple sugar, khandsari sugar, etc. in the form of powder, granules, cubes & lumps and its products, by-products, residues, derivatives, formulations, substances & materials including glucose, sucrose, fructose, lactose, maltose, bagasse, molasses, distillery products, confectionaries, chocolates and sugar candy and co-generation by use of by-products or otherwise and to do all incidental acts and things necessary for the attainment of the above objects."

17B "To carry on in India or elsewhere the business to manufacture, produce, process, prepare, treat, disinfect, compound, formulate, mix, concentrate, pack, repack, refine, add, remove, preserve, grade, freeze, distillate, boil, sterilize, improve, extract, buy, sell, resell, import, export, barter, transport, store, forward, distribute, dispose, develop, research, discover, manipulate, market, supply and to act as agent, broker, representative, consultant, collaborator, stockist, liaisoner, middleman, job worker or otherwise to deal in all types, descriptions, specifications, strengths and applications of pharmaceutical and chemical products of medicaments in all its branches such as allopathic, ayurvedic, homeopathic, herbal, unani, siddha, bio-chemical, etc., used for treatment, cure and healthcare of human beings and animals including basic drugs, intermediates, tonics, antibiotics, enzymes, steroids, vitamins, hormones, biological & immunological chemicals, contraceptives, surgical plaster of paris, surgical dressings, belladonna plasters, dressings, bandages, waddings, gauzes, adhesives, belts, sutures, ligatures, rubber goods, vaccines, toxins, ferments, yeasts, medical gases, diagnostic agents, oils and tinctures, medicinal products in all forms such as capsules, tablets, powders, ointments, syrups, injectibles, pills, fluids, granules, sprayers, inhalers, mineral waters, droppers, removers, etc. veterinary medicines, poultry medicines, herbal products, their by-products, intermediates, residues, mixtures, compounds and other allied goods and to do all incidental acts and things necessary for the attainment of the above objects."

17C i) "To carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of thermal power plants, hydraulic power plants, atomic power plants, wind power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future and also to manufacture equipments used therein."



- ii) "To construct, laydown, establish, promote, erect, build, install, commission, carry out and run all necessary power sub-stations, work shops, repair shops, wires, cables, transmission lines, accumulators, street lights for the purpose of conservation, distribution, and supply of electricity to participating industries, State Electricity Boards and other Boards for industrial, commercial, domestic, public and other purposes and also to provide regular services for repairing and maintenance of all distribution and supply lines."
- iii) "To acquire concessions, facilities or licenses from Electricity Boards, Governments, Semi Governments or local authorities for generation, distribution, production, transmission or use of electric power and to take over alongwith all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects."
- iv) "To carry on in India or elsewhere the business to manufacture, assemble, design, develop, display, fabricate, market, buy, sell, resell and to act as contractor, supplier, engineer, collaborator or otherwise to deal in all types of solar home lighting systems, solar cookers, flat plate solar collectors, concentrating and pipe type solar collectors, solar hot water heaters and systems (domestic and industrial), solar pond, solar air/gas/fluid heating systems, solar crop dryers and systems, solar timber kilns, solar stills, solar photovoltaic modulars, concentrating collectors, power tower, cold storage and air conditioning systems, solar steel and desalination systems, solar power generating systems, solar pumps, solar collectors, coupled to absorption, refrigeration systems and all types of solar appliances/applications and to do all incidental acts and things necessary for the attainment of the foregoing objects."

17D "To carry on in India or elsewhere the business of manufacturing, processing, producing, washing, dyeing, ginning, pressing, spinning, weaving, crimping, texturising, carding, bleaching, combing, doubling, finishing, calendering, sizing, colouring, printing, mercerizing, reeling, winding, throwing, embroidering, blending, sorting, garnetting, stretching, drying, drawing, cutting, improving, buying, selling, reselling, importing, exporting, transporting, storing, fabricating, developing, marketing, or supplying, and to act as broker, trader, C&F agent, distributor, representative, consultant, collaborator, stockist, liaisoner, job worker, export house or otherwise to deal in all types of textile goods, dress materials, fabrics, cloths, yarns, including nets, matting, hosiery, plastic clothes, water proof fabrics, pavliners, americal clothes, imitation leather and rubber clothes, tents, durries, newar, ropes, rugs, furnishing clothes, tapestries, curtain clothes, blankets, carpets, carpet backing, gloves, laces, terry fabrics, velvet, georgette, gabardine, pashminas, floor clothes, twid, patta, canvas, khaddar, denim, stone wash, suitings, shirtings, sarees and other similar items made on powerloom, handloom or mill or by man made or natural materials like cotton, flax, hemp, linen, wool, nylon, viscose, ramie, polyester, silk, artsilk, rayon, jute, staple fibres, cashmilon, filaments, terecotton, monofilaments, multifilaments, acrylics, polynosic, polypropylene, polyimide, polymethane, cellulose, dropping, spun or other fibrous substances or any combination thereof available at present and as may be invented in future and to do all incidental acts and things necessary for the attainment of the foregoing objects."

Once the alteration in the Objects Clause of the Memorandum of Association of the Company is approved by the Members, under Sec.149(2A) of the Companies Act, 1956, a Special Resolution is required to be passed for commissioning the new activities.

Accordingly, the approval of the Members is sought to commence and undertake any of the activities mentioned in Sub-Clauses 17A to 17D in the Objects Clause of the Memorandum of Association of the Company.

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

By Order of the Board,
For MADRAS CEMENTS LTD.

Chennai
30-5-2007

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

MADRAS CEMENTS LTD.

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

DR.A.RAMAKRISHNA

Dr.A.Ramakrishna, aged 67, is a professional in Civil and Structural Engineering. He started his career in 1962 with Engineering Construction Corporation (ECC) Limited, a subsidiary of L&T. After serving in various capacities, he was inducted into the Board of Directors of L&T in 1992 and retired as President and Deputy Managing Director.

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

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

1. Audit Committee
2. Remuneration Committee
3. Project Management Committee

He holds no shares in Madras Cements Ltd.

He is also a Director in the following Companies :

1. Ramco Industries Limited
2. GVK Jaipur-Kishangarh Expressway Limited
3. KCP Limited
4. Andhra Sugars Limited
5. Taj GVK Hotels & Resorts Limited
6. SPEL Semiconductor Limited
7. GVK Industries Limited
8. GVK Power & Infrastructure Limited
9. Gautami Power Limited
10. Teesta Urja Limited
11. International Infrastructure Consultancy Private Limited



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 49th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

	Year ended 31-3-2007 (Rs. in lacs)	Year ended 31-3-2006 (Rs. in lacs)
Operating Profit: Profit before Interest, Depreciation and Tax (PBIDT)	56349	21551
Less: Interest	2283	3435
Profit before Depreciation and Tax (PBDT)	54066	18116
Less: Depreciation	7190	6519
	46876	11597
Less: Prior period items (net)	19	70
Profit before Tax	46857	11527
Less: Provision for Tax		
Current Tax	12950	3175
Deferred Tax	3000	350
Fringe Benefit Tax	105	100
Profit after Tax	30802	7902
Add: Balance Profit from last year	1670	1662
	32472	9564
Add: Debenture Redemption Reserve written back	990	175
Surplus for Appropriation	33462	9739
Appropriations:		
1. Transfer to General Reserve	28000	6000
2. 1 st Interim Dividend	907	605
2 nd Interim Dividend	907	605
3. Final Dividend	1209	605
4. Tax on Dividends	460	254
Balance carried over to Balance Sheet	1979	1670
TOTAL	33462	9739

MADRAS CEMENTS LTD.

DIVIDEND

Your Directors have pleasure in recommending a final dividend of Rs.10.00 per share (PY:Rs.5.00 per share). Together with the 1st Interim dividend of Rs.7.50 per share (PY:Rs.5.00 per share) and 2nd Interim dividend of Rs.7.50 per share (PY:Rs.5.00 per share) paid during the year, the total dividend for the year is Rs.25.00 per share (PY:Rs.15.00 per share).

TAXATION

An amount of Rs.129.50 Crores towards Current Tax, Rs.30.00 Crores towards Deferred Tax, Rs.1.05 Crore towards Fringe Benefit Tax and Rs.4.60 Crores towards Dividend Tax has been provided for the year under review.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

PRODUCTION & DESPATCHES

	2006-2007 (‘000 tonnes)	2005-2006 (‘000 tonnes)
Ramasamyraja Nagar (TN) Factory		
Clinker produced	805	805
Cement produced	1294	1187
Cement sold	1292	1201
Jayanthipuram (AP) Factory		
Clinker produced	1032	1005
Cement produced	1341	1047
Cement sold	1336	1047
Alathiyur (TN) Factory		
Clinker produced	2034	1717
Cement produced	2785	2316
Cement sold	2806	2323
Mathodu (Karnataka) Factory		
Clinker produced	179	133
Cement produced	248	161
Cement sold	248	160

During the year under review, all the units viz., R.R.Nagar and Alathiyur in Tamil Nadu, Jayanthipuram in Andhra Pradesh and Mathodu in Karnataka had shown significant increase in production of cement compared to the previous year. The capacity utilization of the Company has increased to 95% as against 79% during the previous year.

SALES

The sale of cement including self-consumption had registered a high increase from 47.28 lac tonnes to 56.67 lac tonnes. This is the first time the Company's sale of cement has reached 5 million tonnes mark per annum. This represents a growth of 19.86% as against the Cement Industry's growth rate of 10% during the year under review.

Commensurate with the increase in production and sale, the total revenue for the year, net of Central Excise Duty and Sales Tax had also increased to Rs.1582 Crores as against Rs.1013 Crores of the previous year.



EXPORTS

During the year, 76,107 tonnes of cement were exported as against 2,88,777 tonnes of clinker and 2,28,198 tonnes of cement during the previous year. The export turnover of the Company for the year was Rs.17.80 Crores as against Rs.85.20 Crores of the previous year.

COST

During the year, there was steep increase in the prices of diesel, coal and pet coke, leading to an all-round increase in the manufacturing and distribution costs. Optimum use of rail and road transport and logistics planning have helped the Company to have the transportation cost under effective control.

Due to increase in the furnace oil cost, the cost of power using captive generator sets had increased, making their usage uneconomical. To reduce the power cost, the Company has utilized the generation from the Company's wind farms to meet the power requirements at RR Nagar and Mathodu, efficiently operated captive thermal power plant at Alathiyur and resorted to Electricity Board power at Jayanthipuram.

PROFITABILITY

The operating profit before interest, depreciation and tax was higher at Rs.563.49 Crores as against Rs.215.51 Crores of the previous year, showing 161% increase. The net profit after tax was also higher at Rs.308.02 Crores as against Rs.79.02 Crores of the previous year, showing 290% increase. The increase in capacity utilization and better realization due to buoyant demand had accounted for the increase in the net profits for the year.

READY MIX CONCRETE DIVISION

The Division has produced 62,518 cu.m. of concrete during the year accounting a revenue of Rs.16.32 Crores as against 65,108 cu.m. of concrete for a revenue of Rs.12.83 Crores during the previous year.

WIND FARM DIVISION

The Division has generated 657 Lac Kwh as compared to 378 Lac Kwh of the previous year. The income during the year from the Division was Rs.24.43 Crores as against Rs.13.48 Crores of the previous year.

During the year, 15 Wind Electric Generators for an aggregate capacity of 17.95 MW were erected and commissioned. With this, the capacity of the Wind Farms situated at Muppandal, Poolavadi, Oothumalai and Mathodu has risen to 63.79 MW, comprising of 148 Wind Electric Generators.

DRY MORTAR DIVISION

The Division has produced 28,656 tonnes of Dry Mortar during the year as against 21,362 tonnes produced during the previous year. The Division has sold 28,555 tonnes of Dry Mortar accounting for Rs.832 Lacs during the year as against 21,293 tonnes of Dry Mortar accounting for Rs.485 Lacs during the previous year.

PROSPECTS FOR 2007-2008

Demand for cement is expected to grow at 10% in the coming year due to the fillips given for the infrastructure projects. The Company expects to sustain and improve the output levels of all the four units during the year. 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.

PROJECTS

A) DEVELOPMENTS WITH REGARD TO EXPANSION PROJECTS

The Company is establishing additional clinkering facility at Jayanthipuram by installing a 4000 TPD kiln. The clinkering process will be integrated with the existing production facilities, leading to an increase of cement manufacturing capacity by 2 million TPA. The estimated project cost is Rs.507.00 crores. The project is slated to be commissioned in September 2007.

The Company is setting up a cement project near Ariyalur with a capacity of 2 million TPA. To substantially meet the power requirements of the project, the Company is also installing Wind Electric Generators for an aggregate capacity of 56.70 MW. The estimated project cost, including the cost of installing the Wind Electric Generators, is Rs.967.00 crores. The project is slated to be commissioned in June 2008.

MADRAS CEMENTS LTD.

B) NEW PROJECTS

The Company is proposing to establish Grinding Units in the States of Tamil Nadu, Andhra Pradesh and West Bengal. Establishment of grinding units near the fly ash availability areas/major cement consumption areas will help the Company in economizing transportation costs and better servicing of markets.

CHANGES IN STATUTORY LEVIES

A) The excise duty on cement was Rs.400/- PMT. With effect from 01/03/2007, it was revised to Rs.350/- PMT for retail sale price not exceeding Rs.190/- per 50 kg. bag and Rs.600/- PMT for retail sale price exceeding Rs.190/- per 50 kg. bag.

Again, with effect from 03/05/2007, the excise duty with regard to retail sale price exceeding Rs.190/- per 50 kg. bag, was revised as follows –

- a) 12% on retail sale price when the price is between Rs.190/- and Rs.250/- per 50 kg. bag.
- b) Rs.600/- PMT when the retail sale price exceeds Rs.250/- per 50 kg. bag.

B) With a view to make import of cement competitive, the Government of India has abolished customs duty @ 12.5%, countervailing duty @ 16% and special additional customs duty @ 4%.

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 1955 employees as on 31-3-2007. 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 Environment and Mineral Conservation, Mines Safety and Quality Circles.

The Alathiyur Unit was awarded Excellent Energy Efficiency Shield by the Confederation of Indian Industry at the National Award for Excellence in Energy Management 2006, for the Eighth successive year.

DIRECTORS

The Government of Tamil Nadu has appointed Shri.M.Raman, I.A.S., Industries Commissioner and Director of Industries and Commerce, as their Nominee Director on the Company's Board with effect from 26-4-2007 in the place of Shri.N.Vasudevan, I.A.S.

General Insurance Corporation of India has withdrawn Shri.B.P.Deshmukh as their Nominee Director on the Company's Board with effect from 14-5-2007.

The Directors wish to place on record the valuable guidance and services rendered by Shri.N.Vasudevan, I.A.S., and Shri.B.P.Deshmukh during the tenure of their office as Nominee Directors on the Company's Board.

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



PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March 2007 were Rs.8.07 Crores including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. This also includes 144 deposits aggregating to Rs.43.51 lacs which had fallen due on or before 31-3-2007 but not claimed by the depositors. Reminders have been sent to these depositors for disposal instructions. On the date of this report, Rs.16.39 lacs thereof have been claimed and refunded/renewed in respect of 42 depositors.

SHARES

The Company's shares are listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company's application for de-listing from Calcutta Stock Exchange is under process.

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 49th Annual General Meeting and are eligible for re-appointment.

COST AUDITOR

The Government has approved the Company's proposal to appoint M/s.Geeyes & Co., Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31-3-2007 on a remuneration of Rs.75,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

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 2007, the applicable accounting standards had been followed ;
- The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- The Annual Accounts were prepared on a going concern basis.

ACKNOWLEDGEMENT

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

Chennai
30-5-2007

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

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

MADRAS CEMENTS LTD.

ANNEXURE I TO DIRECTORS' REPORT

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

A. Conservation of Energy

(a) Energy conservation measures taken

R.R.Nagar

Installation of high efficiency fan for raw mill separator venting.

Installation of additional screen in raw mill HIC circuit.

Modifications in Kiln-2 cooler vent, tertiary air take off and compartment-1, to improve recuperation efficiency.

Jayanthipuram

Installation of SPRS system for speed reduction in raw mill fan and slag mill bag house fan.

Improvement in kiln productivity.

Alathiyur

Modification of inlet box of Line-II raw mill fan.

Installation of Power Boss for variable load applications.

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

R.R.Nagar

Kiln-2 pre-heater comer duct modification to reduce the pressure drop in the down comer duct.

Jayanthipuram

Introduction of high efficiency dip tube in pre-heater first cyclone.

Alathiyur

Installation of high efficiency impeller for Line-II I.D. fan.

Installation of high efficiency fans for cooler vent and Line-I bag house.

Installation of G.R.R. in Line-I I.D. fan to reduce the specific power.



<p>(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</p>	<p>R.R.Nagar Installation of high efficiency fan for raw mill separator venting has reduced power consumption by 0.2 Kwh/T rawmeal. Installation of additional screen in raw mill HIC circuit has improved productivity and reduced power by 0.1 Kwh/T rawmeal. Kiln-2 cooler modifications have reduced specific heat consumption by 20 Kcal/kg clinker.</p>
	<p>Jayanthipuram Raw mill fan operation with SPRS resulted in energy saving by 0.60 KWh/Ton of material. Slag mill bag house fan operation with SPRS resulted in energy saving by 0.58 KWh/Ton of material. High efficiency dip tube resulted in energy saving by 0.56 KWh/Ton of material.</p>
	<p>Alathiyur Inlet box modification of Line-II raw mill fan resulted in saving of 50 KW/Hr. Power boss installation for variable load applications resulted in saving of 10 KW/Hr.</p>
<p>(d) Total energy consumption per unit of production</p>	<p>Particulars given in FORM A.</p>
<p>B. Technology Absorption</p>	
<p>(e) Efforts made in Technology Absorption</p>	<p>Particulars given in FORM B.</p>
<p>C. Foreign Exchange Earnings and Outgo</p>	
<p>(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</p>	<p>We had exported Cement to Iraq and Sri Lanka. NIL</p>
<p>(g) (i) Total Foreign Exchange used (including Capital Goods)</p>	<p>Rs.13768.67 lacs</p>
<p>(ii) Total Foreign Exchange earned</p>	<p>Rs.1779.76 lacs</p>

MADRAS CEMENTS LTD.

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

		2006 - 2007	2005 - 2006
1	Electricity		
	(a) Purchased (including Power purchased from APGPCL)		
	Unit (Lac KWH)	2,044.42	1,545.75
	Total amount (Rs.in Lacs)	7,624.27	6,018.65
	Rate per Unit (Rs.)	3.73	3.89
	(b) Own Generation		
	(i) Through Diesel Generator		
	Unit (Lac KWH)	232.08	614.85
	Unit per litre of Furnace/Diesel Oil (KWH)	3.94	3.93
	Cost per Unit (Rs.)	5.61	4.50
	(ii) Through Thermal Generator		
	Units (Lac KWH)	1,816.14	1326.36
	Units per kg. of fuel (KWH)	1.64	1.58
	Cost per Unit (Rs.)	2.41	2.49
2.	Coal / Pet coke/ others		
	Quantity (Lac tonnes)	5.20	4.19
	Total cost (Rs.in Lacs)	17,646.66	13,236.56
	Average rate (Rs.)	3,392.67	3,158.43
3.	Furnace Oil		
	Quantity (Lac litres)	59.30	157.88
	Total cost (Rs.in Lacs)	1,042.62	2,248.91
	Average rate (Rs.)	17.58	14.24
4.	Others - Diesel Oil		
	Quantity (Lac litres)	2.57	22.43
	Total cost (Rs.in Lacs)	83.58	706.52
	Average rate (Rs.)	32.57	31.50

B. Consumption per unit of production

Product : Cement
Unit : Tonne

	Standard	2006 - 2007	2005 - 2006
Electricity (KWH per tonne of cement)	110	73.44	71.51
Coal (percentage of clinker)	21	12.87	11.47



FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

Research & Development (R&D)

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

- a. Investigation of various fuels through instrumentation techniques to check their impact in clinker production.
- b. Conducted of trials on suitability and impact of gypsum from various sources in cement production.
- c. Optimization of raw mix through burnability studies including DTA/TGA and XRD techniques.
- d. Studies about heat of hydration for different types of cement.
- e. Investigation on suitability of new source of additives for clinker production.
- f. Investigation on reasons for cracks in buildings and formulation of measures to reduce the cracks in buildings.
- g. Investigation on compatibility of various admixtures on different grades of concrete with different types of cement especially OPC and PPC.
- h. Studies on increasing the durability of structure for increasing the life of special constructions.
- i. Investigation on suitability of new source of additives and other raw materials for dry mix to further improve the quality of end product.

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

- a. Utilization of alternative fuels has reduced the cost of production and also increased the life of primary source of fuel.
- b. The use of suitable gypsum has improved the quality of cement.
- c. Raw mix improvement has reduced the free lime in clinker and thus improved the quality of clinker and cement.
- d. The techniques formulated for reduction of cracks has improved the durability of building.

3. Future plan of action

- a. To improve the clinker quality further and also to reduce energy consumption in cement grinding by utilization of various grinding aids.
- b. To develop various fast setting formulations for different applications.
- c. To improve the burnability of clinker by utilization of various mineralizers.

4. Expenditure on R&D

	Rs. in lacs
a. Capital	NIL
b. Recurring	670.65
c. Total	670.65
d. Total R&D expenditure as percentage of total income	0.42

Technology absorption, adaptation and innovation

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

MADRAS CEMENTS LTD.

ANNEXURE II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Law, Finance, Engineering, etc. The Board has 7 Directors out of which 6 Directors are Non-Executive. 57% of the Board of Directors consist of Independent Directors as against 50% required by the Code of Corporate Governance. For this purpose, Directors nominated by Institutions are deemed to be Independent Directors. There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, four Board Meetings were held, one each on 27-05-2006, 27-07-2006, 30-10-2006 and 30-01-2007.

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

Sl.No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R.Ramasubrahmaneya Rajha	CMD	4	100
2.	Shri N.Vasudevan, I.A.S.,	ND	NIL	NIL
3.	Shri M.G.Balasubramanian, I.A.S., (Retd.)	ND	4	100
4.	Shri B.P.Deshmukh	ND	3	75
5.	Shri P.R.Venketrama Raja	PD	3	75
6.	Dr.A.Ramakrishna	ID	4	100
7.	Shri R.S.Agarwal	ID	4	100

CMD – Chairman & Managing Director

ID – Independent Director

ND – Nominee Director

PD – Promoter Director



The previous Annual General Meeting of the Company was held on 27th July, 2006 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 M.G.Balasubramanian, I.A.S., (Retd.)
3.	Shri B.P.Deshmukh
4.	Dr.A.Ramakrishna
5.	Shri R.S.Agarwal

CODE OF CONDUCT

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

1) FOR DIRECTORS

A Director being a Trustee of the Shareholders shall –

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

2) FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall –

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

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

MADRAS CEMENTS LTD.

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 prescribed by the Code of Corporate Governance and Companies Act from time to time.

Composition:

The Audit Committee consists of the following Directors:

SI. No.	Name of the Director	No. of Meetings attended
1.	Shri M.G.Balasubramanian, I.A.S., (Retd.) Chairman of the Committee	4
2.	Shri P.R.Venketrama Raja	1
3.	Dr.A.Ramakrishna	4

No. of Meetings held during the year : 4

Date of the meetings : 25-05-2006, 21-07-2006, 27-10-2006 & 23-01-2007

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

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

(b) PROJECT MANAGEMENT COMMITTEE

SI. No.	Name of the Director
1.	Shri P.R.Ramasubrahmaneya Rajha, CMD
2.	Shri M.G.Balasubramanian, I.A.S., (Retd.)
3.	Shri P.R.Venketrama Raja
4.	Dr.A.Ramakrishna #

Dr.A.Ramakrishna became a Member of the Project Management Committee on 27-05-2006.

No. of Meetings held during the year : 2

Date of the meetings : 19-05-2006 & 16-10-2006

(c) REMUNERATION COMMITTEE

SI. No.	Name of the Director
1.	Shri M.G.Balasubramanian, I.A.S (Retd.), Chairman of the Committee
2.	Dr. A. Ramakrishna

No. of Meetings held during the year: 3

Date of the meetings : 27-07-2006, 30-10-2006 & 30-01-2007



(d) INVESTORS GRIEVANCE COMMITTEE

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

No. of meetings held during the year : 1
Date of the meeting : 31-03-2007
No. of complaints received and redressed during the year : 7

(e) SHARE/DEBENTURE COMMITTEE

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

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

The above Committees meet as and when necessity arises.

4. BOARD PROCEDURE

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

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

5. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Managing Director are given under Note No.6 of Schedule V to the Balance Sheet.

The non-executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.15000/- 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 31-03-2007.

Name of the Director	No. of Shares
Shri P.R.Venketrama Raja	46,440
Shri B.P.Deshmukh	100

Other non-executive directors are not holding any shares in the Company.

MADRAS CEMENTS LTD.

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

K. SRINIVASAN
Partner
Membership No. 21510

Chennai
30-5-2007

For CNGSN & ASSOCIATES
Chartered Accountants

C.N. GANGADARAN
Partner
Membership No. 11205



SHAREHOLDER INFORMATION

Registered Office

'Ramamandiram'
Rajapalayam-626 117, Tamil Nadu

Corporate Office

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

Details of Plant location

Cement Division

Ramasamyraja Nagar-626 204
Virudhunagar District, Tamil Nadu

Alathiyur

Cement Nagar-621 730
Perambalur District, Tamil Nadu

Jayanthipuram

Kumarasamyraja Nagar-521 457
Krishna District, Andhra Pradesh

Methodu-577 533

Hosadurga Taluk
Chitradurga District, Karnataka

Ramco Research & Development Centre

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

Ready Mix Concrete Division

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

Ramco Wind Farm Division

Muppandal
6-33-F, Kumarapuram
Aralvaimozhi-629 301
Kanyakumari District, Tamil Nadu

Poolavadi
2/124, Poolavadi Pirivu
Kondampatti-642 201
Udumalpet Taluk, Coimbatore District, Tamil Nadu

Oothumalai
V.K. Pudur Taluk, Tirunelveli District, Tamil Nadu

Methodu
Hosadurga Taluk, Chitradurga District, Karnataka

Dry Mortar Division

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

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 mentioned Corporate Office 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 2007-08 has been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.

Stock Code

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

MADRAS CEMENTS LTD.

GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-3-2004	28-7-2004	09.30 AM	P.A.C.R Centenary Community Hall, Sudarsan Gardens Rajapalayam - 626 108, Tamil Nadu.
31-3-2005	10-8-2005	10.00 AM	-do-
31-3-2006	27-7-2006	11.00 AM	-do-

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

Ensuing Annual General Meeting

Date	Time	Venue
27-7-2007	10.15 A.M.	P.A.C.R.Centenary Community Hall, Sudarsan Gardens Rajapalayam - 626 108, Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April 2006 to March 2007)

Board Meeting for consideration of Accounts and recommendation of dividend	30-5-2007
Posting of Annual Report	On or before 30-6-2007
Book Closure date	20-7-2007 to 27-7-2007 (both days inclusive)
Last date for receipt of Proxy form	25-7-2007
Date of the 49 th AGM	27-7-2007
Dividend Payment date	Date of the AGM

MEANS OF COMMUNICATION

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

All the financial results are provided to the Stock Exchanges.

The financial results and other specified information are also being filed on the Electronic Data Information Filing & Retrieval (EDIFAR) website maintained by National Informatic Centre for online information for the Public.

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

Official News releases are given directly to the Press.

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

Security	Rating
Non-convertible Debentures	LA+ (Adequate credit quality)
Commercial Papers	A1+ (Highest credit quality)



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 2007, 91.18% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No.INE 331A01029.

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 31-3-2007.

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

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

DISCLOSURES

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

SOCIAL COMMITMENTS

The Company's total expenditure for various Charitable causes, including for renovation of temples and for social developments amounted to Rs.109.96 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 2007.

for MADRAS CEMENTS LTD.

P.R.RAMASUBRAHMANEYA RAJHA

Chairman & Managing Director

Chennai

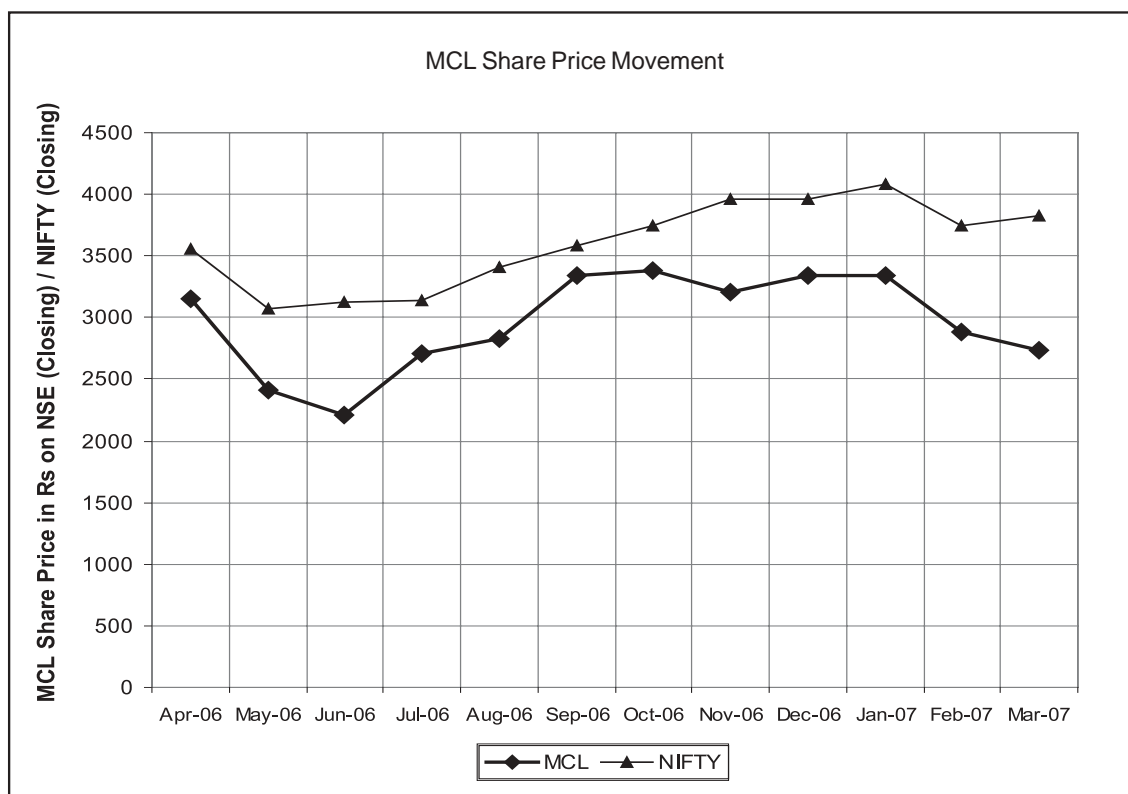
30-5-2007

MADRAS CEMENTS LTD.

STATISTICAL DATA

Share Price - High & Low / Volume (During April 2006 to March 2007 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 2006	3248	2350	353128	3250	2166	254023
May	3280	2325	177362	3274	2321	105652
June	2479	1745	151179	2475	1731	106266
July	2772	2251	299802	2763	2233	152558
August	2960	2631	92540	2988	2621	55635
September	3399	2776	142717	3410	2775	104383
October	3435	3110	96817	3444	3190	100952
November	3550	2975	189208	3570	2980	126604
December	3400	2970	122308	3395	2900	65334
January 2007	3700	3304	134277	3699	3303	106768
February	3750	2776	167651	3570	2783	190261
March	2950	2450	180635	2929	2441	170518





Pattern of Shareholding as on 31-3-2007

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	17	0.14	4909031	40.64
2. Persons acting in concert	35	0.28	238298	1.97
Sub-total	52	0.42	5147329	42.61
B. NON-PROMOTERS HOLDING				
1. Mutual Funds & UTI	50	0.40	1126360	9.33
2. Banks, FI's, Ins.Cos., Govt. Institutions	10	0.08	1728833	14.31
3. Foreign Institutional Investors	29	0.23	518336	4.29
4. NRIs/OCBs & Non-Domestic Companies	224	1.78	46937	0.39
5. Private Corporate Bodies	477	3.79	964073	7.98
6. Public	11745	93.30	2545982	21.09
Sub-total	12535	99.58	6930521	57.39
Total	12587	100.00	12077850	100.00

Distribution of Shareholding as on 31-3-2007

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto – 500	11536	91.65	869209	7.20
501 to 1000	469	3.73	358679	2.97
1001 to 2000	276	2.19	417839	3.46
2001 to 3000	80	0.64	202759	1.68
3001 to 4000	47	0.37	168387	1.39
4001 to 5000	29	0.23	130593	1.08
5001 to 10000	68	0.54	501009	4.15
10001 & above	82	0.65	9429375	78.07
Total	12587	100.00	12077850	100.00

Category of Shareholding as on 31-3-2007

Category	Total Shareholders	%	Total Shares	%
Dematerialised Form				
CDSL	1802	14.32	280501	2.32
NSDL	9518	75.62	10732024	88.86
Physical Form	1267	10.06	1065325	8.82
Total	12587	100.00	12077850	100.00

MADRAS CEMENTS LTD.

AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of Madras Cements Limited, Rajapalayam as at 31st March, 2007, the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 (Auditors Report) Order, 2003 as amended by the Companies (Auditors' 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:
 - a) 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;
 - b) 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;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) As per representation made by the Company and its Directors, no Director is disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies act, 1956;
 - f) 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:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - iii. 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
K.SRINIVASAN
Partner
Membership No. 21510

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

Chennai
30-5-2007



ANNEXURE TO THE AUDITORS' REPORT

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

- i a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.
- c The fixed assets disposed during the year were not substantial and therefore the going concern status of the company is not affected.
- ii a The management has conducted physical verification at reasonable intervals in respect of its inventory.
- b The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- iii a The Company has granted loans aggregating to Rs.60.50 crores (maximum outstanding at any time during the year Rs.31.50 crores, outstanding as on 31-Mar-2007 – Rs.20.00 crores) to parties (5 parties during the year) listed in the register maintained under section 301 of the Companies Act, 1956. The Company has taken loans aggregating to Rs.13.87 crores during the year (maximum outstanding at any time during the year Rs.4.52 crores, outstanding as on 31-Mar-2007 – Rs.0.08 crores) from one party during the year listed in the register maintained under section 301 of the Companies Act, 1956.
- b The rate of interest and other terms and conditions of the loans are not prima facie prejudicial to the interest of the company.
- c The payment of the principal amounts and interest wherever applicable are regular.
- d The loans given/taken by the company are repayable on demand and therefore the question of overdue amounts does not arise.
- iv The company has an internal control system which is adequate and is commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There are no major weaknesses in internal controls system.
- v a Particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register maintained for such purpose.
- b These transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi The company has accepted deposits from the public and the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under where applicable have been complied with.
- vii The Company has an internal audit system commensurate with its size and nature of its business.
- viii The cost accounts and records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 have been made and maintained.
- ix a The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, cess and other statutory dues with the appropriate authorities.
- b The disputed statutory dues aggregating to Rs.23.06 crores that have not been deposited on account of matters pending before appropriate authorities are:

MADRAS CEMENTS LTD.

Sl. No.	Name of the statute	Forum where dispute is pending	Amount (Rs. in crores)
1	Sales Tax Act	Assistant Commissioner, Appeals	0.23
		Appellate Tribunal	3.18
		High Court	0.45
2	VAT Act	Commissioner, Appeals	1.32
3	State Entry Tax Act	Appellate Tribunal	0.02
4	Central Excise Act	Assistant / Additional Commissioner	0.30
		Commissioner, Appeals	10.64
		Appellate Tribunal	3.26
		High Court	0.18
		Supreme Court	0.20
5	Service Tax	Assistant Commissioner, Adjudication	0.78
		Commissioner, Appeals	2.50
Total			23.06

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

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

K. SRINIVASAN
Partner
Membership No. 21510

Chennai
30-5-2007

For CNGSN & ASSOCIATES
Chartered Accountants

C.N.GANGADARAN
Partner
Membership No. 11205



BALANCE SHEET AS AT 31ST MARCH, 2007

		(In Rupees)	
		As at	As at
		31-03-2007	31-03-2006
SOURCES OF FUNDS	Schedule		
Shareholders' Funds			
Share Capital	A	12,07,78,500	12,07,78,500
Reserves & Surplus	B	654,28,17,738	381,10,27,529
		<u>666,35,96,238</u>	393,18,06,029
Loan Funds			
Secured Loans	C	158,63,57,925	190,77,61,653
Unsecured Loans	D	518,69,83,528	411,66,57,651
		<u>677,33,41,453</u>	602,44,19,304
Deferred Tax Liability		<u>225,80,00,000</u>	195,80,00,000
		<u>1569,49,37,691</u>	<u>1191,42,25,333</u>
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		1798,98,31,219	1640,53,17,680
Less: Depreciation		718,45,18,450	650,63,78,406
Net Block		<u>1080,53,12,769</u>	989,89,39,274
Add: Capital Work-in-progress		178,43,62,073	11,30,04,799
		<u>1258,96,74,842</u>	1001,19,44,073
Investments	F	88,74,78,144	88,66,79,863
Current Assets, Loans & Advances			
Inventories	G	128,23,70,978	100,94,77,399
Sundry Debtors	H	65,34,48,795	49,34,74,854
Cash & Bank Balances	I	56,57,13,869	49,30,65,688
Loans & Advances	J	364,59,98,940	127,47,15,770
		<u>614,75,32,582</u>	327,07,33,711
Less: Current Liabilities & Provisions			
Current Liabilities	K	243,79,37,215	184,14,55,504
Provisions	L	150,71,51,155	44,55,17,937
		<u>394,50,88,370</u>	228,69,73,441
Net Current Assets		<u>220,24,44,212</u>	98,37,60,270
Miscellaneous Expenditure		<u>1,53,40,493</u>	3,18,41,127
		<u>1569,49,37,691</u>	<u>1191,42,25,333</u>
Significant Accounting Policies	U		
Notes on Accounts	V		

The schedules referred to above form part of the accounts

As per our report annexed

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

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

PR.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

M.RAMAN
M.G.BALASUBRAMANIAN
P.R.VENKETRAMA RAJA
A.RAMAKRISHNA
R.S.AGARWAL
Directors

Chennai
30-5-2007

MADRAS CEMENTS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007		(In Rupees)	
	Schedule	For the year ended 31-03-2007	For the year ended 31-03-2006
INCOME			
Gross Sales		1765,65,75,483	1169,36,10,127
Less: Excise duty, education & higher education cess		235,52,66,304	183,01,60,403
Net Sales		1530,13,09,179	986,34,49,724
Self consumption		10,45,29,301	2,65,87,462
Value of Power generated from Windfarms		24,42,90,981	13,47,95,397
Concrete Delivery Charges		9,14,49,610	5,96,79,615
Other Income	M	7,52,77,799	4,90,10,944
Increase/(Decrease) in stock	N	-12,97,07,358	-87,20,521
		1568,71,49,512	1012,48,02,621
EXPENDITURE			
Raw Materials consumed		201,15,00,369	152,07,14,101
Power & Fuel		309,96,30,439	253,77,39,394
Stores consumed		39,18,96,722	27,30,51,716
Repairs & Maintenance	O	16,69,12,337	13,62,11,942
Salaries,Wages & Other amenities to staff	P	56,51,83,734	46,18,38,018
Administrative Expenses	Q	23,57,84,081	20,69,29,688
Rates and Taxes	R	3,52,73,732	11,47,25,995
Managing Director's Remuneration		24,78,52,296	6,16,75,173
Packing charges		81,28,22,757	63,29,86,822
Interest & Finance Charges	S	22,82,94,830	34,35,16,151
Depreciation		71,90,35,995	65,19,29,777
Transportation & Handling Expenses		221,42,08,346	169,86,74,224
Advertisement and Other Sales Promotion expenses	T	26,01,20,007	31,18,74,555
Donations		1,09,96,686	1,32,22,602
Extraordinary items (net)		19,71,663	70,09,920
Current tax provision		129,50,00,000	31,75,00,000
Deferred tax provision		30,00,00,000	3,50,00,000
Fringe benefit tax provision		1,05,00,000	1,00,00,000
		1260,69,83,994	933,46,00,078



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

	For the year ended 31-03-2007	For the year ended 31-03-2006
	(In Rupees)	
Profit for the year	308,01,65,518	79,02,02,543
Add: Balance brought forward	16,70,62,529	16,62,29,843
Debenture Redemption Reserve written back	9,90,00,000	1,75,00,000
Balance available for appropriation	334,62,28,047	97,39,32,386
Appropriated as:		
Transfer to General Reserve	280,00,00,000	60,00,00,000
Interim Dividends	18,14,25,000	12,09,50,000
Tax on Interim Dividends	2,54,44,856	1,69,63,238
Final Dividend	12,09,50,000	6,04,75,000
Tax on Final Dividend	2,05,55,453	84,81,619
Balance carried to Balance Sheet	19,78,52,738	16,70,62,529
Earnings per share (Basic & diluted)	255	65
Significant Accounting Policies	U	
Notes on Accounts	V	

The schedules referred to above form part of the accounts

As per our report annexed

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

For CNGSN & ASSOCIATES
Chartered Accountants
C.N.GANGADARAN
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PR.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

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Secretary

M.RAMAN
M.G.BALASUBRAMANIAN
P.R.VENKETRAMA RAJA
A.RAMAKRISHNA
R.S.AGARWAL
Directors

Chennai
30-5-2007

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

(In Rupees)

	As at 31-03-2007	As at 31-03-2006
SCHEDULE A		
SHARE CAPITAL		
Authorised:		
2,50,00,000 Shares of Rs.10/- each	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued:		
1,20,77,850 Equity Shares of Rs.10/- each	<u>12,07,78,500</u>	<u>12,07,78,000</u>
Subscribed, called and paid up:		
1,20,77,850 Equity Shares of Rs.10/- each	<u>12,07,78,500</u>	<u>12,07,78,000</u>

Notes:

- i) 2,950 Equity Shares of Rs.10/- each were allotted as fully paid up, pursuant to a contract, without payment being received in cash.
- ii) 90,54,100 Equity shares of Rs.10/- each were allotted as fully paid Bonus Shares by capitalisation of General Reserve.
- iii) 17,150 Bonus shares of Rs.10/- each remain unallotted pending completion of required formalities.

SCHEDULE B

RESERVES AND SURPLUS

Capital Redemption Reserve	1,20,00,000	1,20,00,000
Debenture Redemption Reserve	30,00,00,000	31,75,00,000
Less: Withdrawn	<u>9,90,00,000</u>	<u>1,75,00,000</u>
	20,10,00,000	30,00,00,000
Central Investment Subsidy	15,00,000	15,00,000
State Investment Subsidy	24,57,000	24,57,000
General Reserve :		
As per Last Balance Sheet	332,80,08,000	272,80,08,500
Less: Capitalised during the period	—	500
	<u>332,80,08,000</u>	<u>272,80,08,000</u>
Add: Transfer from Profit & Loss Account	<u>280,00,00,000</u>	<u>60,00,00,000</u>
	612,80,08,000	332,80,08,000
Surplus :		
Balance in Profit & Loss Account	<u>19,78,52,738</u>	<u>16,70,62,529</u>
	<u>654,28,17,738</u>	<u>381,10,27,529</u>



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

	As at 31-03-2007	(In Rupees) As at 31-03-2006
SCHEDULE C		
SECURED LOANS		
Debentures (Note i)	80,40,00,000	120,00,00,000
Working capital borrowings from Banks (Note ii)		
- Rupee Loans	33,23,57,925	23,21,00,167
- Term Loans	45,00,00,000	-
- Foreign Currency Loans	-	47,56,61,486
	<u>158,63,57,925</u>	<u>190,77,61,653</u>

Notes:

- i) a) Secured by a *pari-passu* charge on the fixed assets of the company other than those covered by a specific charge.
b) The Debentures are redeemable in two annual installments. The earliest date of redemption is on 14.5.2007 amounting to Rs.39,60,00,000/-.
- ii) Secured by charge on stock-in-trade, stores and book debts of the company and a second charge on the fixed assets of the company.

SCHEDULE D

UNSECURED LOANS		
Fixed Deposits	8,06,86,000	9,99,23,000
Interest Free Sales Tax Loans	371,55,07,974	288,90,92,135
Short Term Loans & Borrowings	139,07,89,554	112,76,42,516
	<u>518,69,83,528</u>	<u>411,66,57,651</u>

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE E

FIXED ASSETS

(In Rupees)

Particulars	Cost as at 01-04-2006	Additions during the year	Sale/ Withdrawal	Cost as at 31-03-2007	Depreciation for the year	Depreciation written off upto 31-03-2007	Net value as at 31-03-2007	Net value as at 31-03-2006
Land	110,36,87,354	33,49,83,930	36,352	143,86,34,932	-	-	143,86,34,932	110,36,87,354
Leasehold Land	1,01,75,615	-	-	1,01,75,615	1,03,048	5,30,054	96,45,561	97,48,609
Buildings	87,92,16,239	3,55,58,329	-	91,47,74,568	1,93,38,127	20,51,96,470	70,95,78,098	69,33,57,897
Plant & Machinery	1329,32,14,778	121,46,36,291	2,78,72,399	1447,99,78,670	64,57,55,724	622,52,37,195	825,47,41,475	769,93,48,014
Railway Siding	18,39,10,255	-	-	18,39,10,255	66,47,677	9,24,96,948	9,14,13,307	9,80,60,984
Workshop, Quarry Equipments etc.,	25,21,06,819	1,67,67,789	2,02,36,682	24,86,37,926	62,10,431	19,61,14,538	5,25,23,388	4,30,26,307
Research & Development Equipments	47,57,69,433	-	-	47,57,69,433	2,52,86,633	35,58,76,134	11,98,93,299	14,51,79,935
Furniture & Office Equipments	11,76,03,741	2,35,48,010	29,83,357	13,81,68,394	82,37,242	6,43,72,079	7,37,96,315	5,96,25,916
Vehicles	7,93,71,905	1,81,01,059	79,53,079	8,95,19,885	68,82,466	4,27,98,011	4,67,21,874	3,79,65,091
Aircraft	1,02,61,541	-	-	1,02,61,541	5,74,647	18,97,021	83,64,520	89,39,167
Total	1640,53,17,680	164,35,95,408	5,90,81,869	1798,98,31,219	71,90,35,995	718,45,18,450	1080,53,12,769	989,89,39,274

Notes:

- 1) Land includes cost of development and extraction of mineral rights of Rs.13,10,33,000/-
- 2) Aircraft represents 1/8th share in a joint ownership.
- 3) Sale / Withdrawal includes de-capitalization of CENVAT portion on Capital assets of Rs.17,20,450/- from the cost of assets.
- 4) The accumulated depreciation of Rs.249/- relating to the de-capitalization is withdrawn and adjusted against Depreciation for the year.



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

	As at 31-03-2007	(In Rupees) As at 31-03-2006
SCHEDULE F		
INVESTMENTS		
Non-Trade		
a) Unquoted		
Shares in Q 1186 The Madras Cements Employees' Co-operative Stores Ltd.	2,500	2,500
National Savings Certificate	25,000	25,000
Fully paid-up Equity Shares in:		
Andhra Pradesh Gas Power Corporation Ltd. (16,08,000 Equity Shares) (Note No.16 of Schedule V)	22,11,96,984	22,11,96,984
Sri Vishnu Shankar Mill Ltd. (2100 Shares including 1050 Bonus Shares)	78,750	78,750
b) Quoted		
Investment in Mutual Funds:		
HDFC Balance Fund	6,86,177	5,50,000
12.4% Government of India Loans	50,75,000	50,75,000

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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE F (Contd.)

				(In Rupees)	
				As at	As at
				31-03-2007	31-03-2006
Fully paid-up Equity Shares in Companies:					
Name of the Company	No. of shares	Total face value Rs.	Cost Rs.		
Ramco Industries Limited (including 2,76,000 Bonus shares)	6,68,625	66,86,250	20,53,67,162		
Ramco Systems Limited (including 4,84,000 shares allotted pursuant to scheme of Demerger of Ramco Systems Limited)	21,17,810	2,11,78,100	36,91,01,577		
Associated Cement Companies Ltd. (including 4 Bonus shares)	103	1,030	2,065		
India Cements Ltd. (including 29 Bonus shares)	58	580	958		
Andhra Cements Ltd.	111	1,110	1,825		
Mysore Cements Ltd. (including 20 Bonus shares)	170	1,700	5,600		
Chettinad Cement Corporation Ltd. (including 50 Bonus shares)	100	1,000	500		
Rajapalayam Mills Ltd. (including 6400 Bonus shares)	3,62,800	36,28,000	8,11,96,000		
Housing Development Finance Corporation Ltd. (including 1740 Bonus shares)	3,480	34,800	46,950		
HDFC Bank Ltd.	500	5,000	5,000		
Indbank Merchant Banking Services Ltd.	50,000	5,00,000	20,00,000		
Tamil Nadu Newsprint & Papers Ltd.	22,700	2,27,000	24,97,000		
Indian Bank	2,792	27,920	2,54,072		
Industrial Development Bank of India Ltd. (including 5340 Bonus shares)	14,240	1,42,400	11,57,000		
				66,16,35,709	66,13,81,637
				88,87,00,120	88,83,09,871
Less: Provision for diminution in value of investments				12,21,976	16,30,008
				88,74,78,144	88,66,79,863
Aggregate value of :					
Quoted Investments - Cost (after Considering diminution in value)				66,61,74,910	66,53,76,629
Market value				97,03,43,484	168,47,38,163
Unquoted Investments - Cost				22,13,03,234	22,13,03,234



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

	As at 31-03-2007	(In Rupees) As at 31-03-2006
SCHEDULE G		
INVENTORIES		
Raw Materials	15,11,14,024	10,60,20,257
Stores, Spares, Coal, Packing Materials, etc.	89,94,25,186	54,83,14,259
Process Stock	12,84,63,788	26,63,50,618
Finished Goods	10,33,67,980	8,87,92,265
	<u>128,23,70,978</u>	<u>100,94,77,399</u>
SCHEDULE H		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months:		
Considered good	5,60,07,852	8,17,86,135
Considered doubtful	10,59,26,597	8,25,00,000
Less: Provision for doubtful debts	10,59,26,597 —	8,25,00,000 —
Other Debts, considered good	59,74,40,943	41,16,88,719
	<u>65,34,48,795</u>	<u>49,34,74,854</u>
SCHEDULE I		
CASH AND BANK BALANCES		
Cash on hand	5,29,026	5,66,609
Stamp paper & other imprest	6,42,929	8,75,621
Balances with scheduled banks:		
In Current account	55,25,37,547	48,11,66,720
In Dividend Warrant account	1,20,04,367	1,04,56,738
In Deposit account	—	—
	<u>56,45,41,914</u>	<u>49,16,23,458</u>
	<u>56,57,13,869</u>	<u>49,30,65,688</u>

MADRAS CEMENTS LTD.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

	As at 31-03-2007	(In Rupees) As at 31-03-2006
SCHEDULE J		
LOANS AND ADVANCES (Considered Good, Unsecured)		
Advances recoverable in cash or in kind	212,23,57,012	83,96,63,461
Advance Income-tax paid, Income-Tax deducted at Source and refund receivable	137,57,28,421	33,72,96,294
Deposits with Govt. Departments and others	13,11,61,562	8,85,11,106
Prepaid Expenses	1,67,51,945	92,44,909
	<u>364,59,98,940</u>	<u>127,47,15,770</u>
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	71,17,56,017	35,88,65,333
Other Liabilities	12,23,51,534	8,91,47,186
Deposits and Customers Balances	154,45,86,983	131,90,49,460
Interest accrued but not due on loans	4,71,88,229	6,38,86,702
Unclaimed Dividends	1,20,04,367	1,04,56,738
Unclaimed Redeemable Preference Shares	50,085	50,085
	<u>243,79,37,215</u>	<u>184,14,55,504</u>
SCHEDULE L		
PROVISIONS		
Provision for Taxation	133,56,17,202	35,35,25,653
Equity Dividend and tax thereon	14,15,05,453	6,89,56,619
Provision for Leave Encashment	3,00,28,500	2,30,35,665
	<u>150,71,51,155</u>	<u>44,55,17,937</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	For the year ended 31-03-2007	(In Rupees) For the year ended 31-03-2006
SCHEDULE M		
OTHER INCOME		
Interest Receipts (TDS Rs.39,14,495)	2,55,24,026	1,48,14,444
Income from Investments - Non-Trade	1,43,31,757	1,23,67,151
Scrap Sales and Other receipts	2,99,55,023	1,89,44,064
Rent Recovery	24,93,657	27,12,808
Profit on sale of assets	29,73,336	1,72,477
	<u>7,52,77,799</u>	<u>4,90,10,944</u>
SCHEDULE N		
INCREASE/(DECREASE) IN STOCK		
Closing Stock:		
Process stock	12,84,63,788	26,63,50,618
Finished goods	10,33,67,980	8,87,92,265
	<u>23,18,31,768</u>	<u>35,51,42,883</u>
Opening Stock:		
Process stock	26,63,50,618	23,49,67,246
Finished goods	8,87,92,265	13,54,27,761
	<u>35,51,42,883</u>	<u>37,03,95,007</u>
Increase/(Decrease) in stock	-12,33,11,115	-1,52,52,124
ED on stock variance	-63,96,243	65,31,603
Net increase/(decrease) in stock	<u>-12,97,07,358</u>	<u>-87,20,521</u>
SCHEDULE O		
REPAIRS AND MAINTENANCE		
Repairs to Buildings	2,07,26,582	1,29,63,061
Repairs to Plant & Machinery	9,35,74,748	6,69,43,843
Repairs to Vehicles/Locomotives	1,94,61,110	2,22,55,235
Repairs - General	3,31,49,897	3,40,49,803
	<u>16,69,12,337</u>	<u>13,62,11,944</u>

MADRAS CEMENTS LTD.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2007

	(In Rupees)	
	For the year ended 31-03-2007	For the year ended 31-03-2006
SCHEDULE P		
SALARIES, WAGES AND OTHER AMENITIES TO STAFF		
Salaries, Wages & Bonus	43,09,28,946	35,31,13,874
Contribution to Gratuity Fund	1,17,64,226	79,96,929
Contribution to Provident Fund	3,17,36,005	2,65,22,511
Contribution to Superannuation Fund	1,58,78,238	1,23,72,175
Workmen & Staff Welfare Expenses	7,48,76,319	6,18,32,529
	<u>56,51,83,734</u>	<u>46,18,38,018</u>
SCHEDULE Q		
ADMINISTRATIVE EXPENSES		
Insurance	6,74,40,248	6,41,45,197
Travelling Expenses	4,52,95,891	3,88,96,552
Postages, Telegrams and Telephones	1,50,27,639	1,40,19,134
Rent	1,53,66,604	1,13,23,256
Bank Charges	2,70,07,246	1,95,03,415
Stationery, Printing & EDP Expenses	2,04,87,936	1,58,12,689
Other Miscellaneous Expenses	1,12,52,048	1,22,42,843
Subscription	26,58,224	27,49,852
Newspapers & Periodicals	5,68,386	5,71,527
Office Lighting	1,46,79,352	1,24,39,044
Consulting Fees & Retainer Fees	41,44,301	48,64,668
Contribution to Research and Development	43,13,992	35,48,651
Legal Expenses	37,34,696	30,35,959
Laboratory Expenses	14,70,203	15,63,763
Filing Fees & Registration Fees	5,61,913	6,64,436
Remuneration to Auditors & Audit Expenses	8,44,361	6,15,075
Board Meeting Expenses	3,31,041	2,88,627
Directors' Sitting Fees	6,00,000	6,45,000
	<u>23,57,84,081</u>	<u>20,69,29,688</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

		(In Rupees)
	For the year ended 31-03-2007	For the year ended 31-03-2006
SCHEDULE R		
RATES & TAXES		
Additional Sales Tax	45,88,910	9,21,82,661
Others	<u>3,06,84,822</u>	<u>2,25,43,334</u>
	<u><u>3,52,73,732</u></u>	<u><u>11,47,25,995</u></u>
SCHEDULE S		
INTEREST AND FINANCE CHARGES		
Interest on Debentures & Other Fixed Loans	17,90,05,714	30,45,42,332
Interest on Other Loans	<u>4,92,89,116</u>	<u>3,89,73,819</u>
	<u><u>22,82,94,830</u></u>	<u><u>34,35,16,151</u></u>
SCHEDULE T		
ADVERTISEMENT & OTHER SALES PROMOTION EXPENSES		
Advertisement Expenses	19,34,13,393	25,01,40,569
Agency Commission & Other Selling Expenses	3,63,08,704	3,90,40,923
Discounts, Rebates, etc.	69,71,313	26,93,063
Provision for Doubtful debts	<u>2,34,26,597</u>	<u>2,00,00,000</u>
	<u><u>26,01,20,007</u></u>	<u><u>31,18,74,555</u></u>

MADRAS CEMENTS LTD.

SCHEDULE U

SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation of financial statements

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

B Investments

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

C Fixed assets

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

D Inventories

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

E Sales

Net Sales exclude Excise Duty and Sales Tax.

F Income from Wind Mills

1. Under wheeling and banking arrangement:
Units generated from windmills are adjusted against the consumption of power at our factories. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges, has been included in power & fuel. The value of unadjusted units as on the Balance Sheet date has been included under loans and advances.
2. Under power purchase agreement:
Units generated from windmills are sold at agreed rates and the income is included in value of power generated from wind farms.

G Retirement benefits

1. The Company contributes to the Employees Provident Fund maintained under the Employees Provident Fund Scheme run by the Government
2. The Company has its own approved Gratuity Fund to which contributions are made based on the Actuarial Valuation obtained as on the Balance sheet date.
3. The Company has its own approved Superannuation Fund for its eligible employees to which contributions are made at 15% of the eligible salary.



4. Provision for Leave encashment is made on the basis of Actuarial Valuation obtained as on the Balance Sheet date.

H Government Subsidy/Grant

Subsidy/Grant received from the Government is treated as capital reserve as per Company's consistent accounting policy.

I Contingent liabilities

Unprovided contingent liabilities are disclosed in the Accounts by way of Notes.

J Research & Development expenditure

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

K Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of the assets are capitalised as part of the cost of those assets.

L Derivatives

With regard to outstanding hedged interest rate swap transactions as on Balance sheet date, while the notional losses have been accounted on accrual basis, the notional gains have been ignored.

M Foreign currency transactions

1. Income / Expenses in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction.
2. Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in Foreign Currency are accounted at the rates as on the Balance Sheet date.
3. The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognised as income or expense over the life of the contract, excepting for forward exchange contract related to liabilities in foreign currency incurred for acquisition of fixed assets.
4. Exchange difference in respect of foreign currency liabilities incurred for acquiring Fixed Assets are added to the cost of respective Assets. The increase in the value of the fixed assets due to such accounting is amortised over the remaining useful life of those assets.
5. Exchange difference in respect of uncovered foreign currency liabilities are recognised in the profit and loss account

N Earnings per share

Net profit after tax is divided by the number of equity shares including unissued Bonus shares outstanding as on the Balance sheet date.

O Income-tax

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

P Segment Reporting

The company has no reportable segments under AS-17.

Q Miscellaneous Expenditure

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

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**SCHEDULE V
NOTES ON ACCOUNTS**

	As at 31-3-2007	Rs. in Lacs As at 31-3-2006
1. Contingent Liabilities:		
1.1 Estimated amount of contracts remaining to be executed on capital account and not provided for	37576.82	5476.04
1.2 Liability on letter of credit opened by bankers for purchase of :		
- Spares / Fuel	1415.87	146.81
- Capital Goods	11899.51	4888.42
1.3 Liability on guarantees given by the bankers	1455.77	1164.81
1.4 Liability on guarantees given to bankers	14038.00	13638.00
2. Income tax assessments have been completed up to the accounting year ended on 31 st March 2004 i.e., Assessment Year 2004-05.		
The break up of net deferred tax liability of Rs.22580 Lacs as at 31-3-2007 is as under:		

	Rs. in Lacs
Timing differences on account of:	Deferred tax liability
Tax effect on difference between book depreciation and depreciation under the Income-tax Act, 1961	22890
Tax effect of Amortisation of Deferred Revenue Expenditure	46
Tax effect on provision for bad and doubtful debts	(-) 356
Deferred tax liability (Net)	22580

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

3. In respect of Sales Tax matters appeals are pending with the Appellate Authorities in respect of various issues amounting to Rs.1184 Lacs (PY Rs.917 Lacs) against which Rs.664 Lacs (PY Rs.532 Lacs) has been paid under protest and is held under "Loans and advances". Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, there may not be any tax liability.
4. The CENVAT credit disallowance on some of the inputs, capital goods and service tax on goods transports, amounts to Rs.1786 Lacs as at 31-3-2007 (PY Rs.1303 Lacs) against which the company has preferred appeals. Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, there may not be any liability.
5. Our petition filed against the judgement upholding the validity of The Cess and Other Taxes on Minerals (Validation) Act, 1992 in the Honourable Supreme Court has been ruled in our favour. Pursuant to the above judgement, the company is entitled to receive a sum of Rs.150 Lacs from the Government of Tamil Nadu and Rs.174 Lacs from the Government of Andhra Pradesh.



6. Managing Director's Remuneration for the year 2006-2007:

	(In Rupees)
Salary	24,00,000
Commission	24,46,57,289
Provident fund	2,88,000
Medical reimbursements	1,35,207
Contribution to Superannuation fund	3,60,000
Other amenities	11,800
Total	24,78,52,296

Computation of net profits in accordance with Section 349 of the Companies Act, 1956, for the purpose of calculating Managing Director's remuneration for the year ended 31-3-2007:

	(In Rupees)	
Net Profit after tax as per Profit & Loss Account	308,01,65,518	
Add: Remuneration to Managing Director	24,78,52,296	
Provision for bad and doubtful debts	2,34,26,597	
Provision for Current tax	129,50,00,000	
Provision for Deferred tax	30,00,00,000	
Provision for Fringe Benefit tax	1,05,00,000	
Sitting fees to Directors	6,00,000	187,73,78,893
		<u>495,75,44,411</u>
Less: Provision for diminution in value of investments written back	4,08,032	
Profit on sale of assets u/s 349(3)(d) of the Companies Act	90,466	4,98,498
Net profit u/s 349 of the Companies Act, 1956		495,70,45,913
Remuneration to Managing Director @ 5% of the above		<u>24,78,52,296</u>

7. "Short term Loans & Borrowings" under "Unsecured Loans" include Loans from Directors as per the following break-up:

Name	(In Rupees)	
	Closing balance as on 31-3-2007	Interest accrued
Shri P.R. Ramasubrahmaneya Rajha	7,89,554	2,67,291

8. The Writ Petitions filed by the company in the Honourable Madras High Court against Tamil Nadu Electricity Board (TNEB) towards levy of additional electricity tax at 15% on the generation of power from captive generator sets using furnace oil are pending.
9. The Chief Controlling Revenue Authority, Stamp and Registration Office, Gandhi Nagar, Ahmedabad have issued a show cause notice to the Company, demanding a sum of Rs.313 Lacs as additional stamp duty with regard to debenture trust deeds executed by the Company at Ahmedabad against which the Company has obtained a stay order from the Hon'ble High court of Gujarat.
10. 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.

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

	Rs. in Lacs
Development of mines	9.12
VRS for employees	59.94

The company has also charged off Rs.0.80 Lacs during the current year out of the total amount paid under VRS in earlier years. The balance of Rs.0.80 lacs would be charged off to revenue during next year.

The company has also charged off Rs.2.03 Lacs during the current year out of the total amount paid under VRS in earlier years. The balance of Rs.6.10 lacs would be charged off to revenue during the next three years.

The company has charged off Rs.82.67 Lacs during the current year out of the total amount spent for installation of fly ash handling equipments in state owned Thermal power stations in connection with collection of fly ash in the earlier year. The balance of Rs.82.67 lacs would be charged off to revenue during next year.

The company has also charged off Rs.18.57 Lacs during the current year out of the total amount spent for installation of fly ash handling equipments in state owned Thermal power station in connection with collection of fly ash in the earlier years. The balance of Rs.55.70 lacs would be charged off to revenue during the next three years.

The company has incurred Rs.8.13 Lacs during the current year towards development of certain mines. The expenses will be charged off in subsequent years after the commencement of its mining operations.

12. "Extraordinary items" represent:

	(Rs. in Lacs)
	2006-2007
a) Amount paid for beneficiation study for identification of limestone deposit reserves	23.80
b) Provision for diminution in value of investment written back	(-) 4.08
Total	<u>19.72</u>

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

	2006-2007 (Rs.)	2005-2006 (Rs.)
A. Statutory Auditors:		
a. As Auditors	6,00,000	4,00,000
b. In other Capacities		
(i) For Tax Audit	50,000	30,000
(ii) Certification Work	50,000	40,000
(iii) Expenses reimbursed	69,361	80,075
	<u>7,69,361</u>	<u>5,50,075</u>
B. Cost Auditors:		
As Auditors	75,000	65,000
	<u>8,44,361</u>	<u>6,15,075</u>

14. 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 2007-08 has been paid. The Company's application for de-listing from Calcutta Stock Exchange is under process.

15. The amount payable to small-scale industrial undertakings for more than 30 days as on 31-3-2007 is Rs.0.80 Lacs (PY Rs.1.96 Lacs).



16. The company has made strategic investment of Rs.22.12 Crores in Andhra Pradesh Gas Power Corporation Ltd. (APGPCL) by purchasing its 16.08 lacs equity shares. The investment entitles the company to source 6 MW power from APGPCL at economical rates compared to the rates charged by Andhra Pradesh State Electricity Board (APSEB).
17. The APSEB has hiked the wheeling charges. As a result, the cost of power to the company from APGPCL has gone up by Rs.0.84 per unit. APGPCL and other affected consumers including our company had filed appeals in the Honourable High Court of Andhra Pradesh. The Court passed orders in favour of the industries. The APSEB has preferred an appeal to the Supreme Court and no stay has been granted.
18. Research and Development expenses for the year are Rs.670.65 Lacs (PY Rs.466.98 Lacs) including Rs.307.10 Lacs towards Depreciation (PY Rs.226.76 Lacs).
19. The unadjusted units generated from the Windmills as on 31-3-2007 are 78.90 Lacs KWH (PY 4.31 Lacs KWH) and its monetary value of Rs.268.26 Lacs (PY Rs.15.85 Lacs) has been included in Loans & Advances.
20. The Pre-operative expenses of Rs.2.05 Lacs (PY Rs.2.60 Lacs) incurred on insurance premium relating to assets have been capitalized during the year. For the current year, borrowing costs of Rs.704 Lacs (PY Nil) have been incurred for acquisition of assets.
21. The Director of Geology & Mining, Government of Tamil Nadu have 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.966 Lacs. In the Writ petitions filed by the company and other similarly affected companies, the Madras High court has stayed the demands of the Government.
22. Debenture Redemption Reserve written back represents the excess reserve consequent to the redemption of debentures made during the year.

23. Earnings per Share

Particulars	2006-2007 (Rs.)	2005-2006 (Rs.)
Net profit after tax (A)	308,01,65,518	79,02,02,543
No.of Shares including un-issued Bonus shares (B)	1,20,95,000	1,20,95,000
Basic & Diluted earnings per share of Rs.10 each (A)/(B)	255	65

24. Related party transactions:

As per AS-18 issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

Key Managerial personnel and relatives:

Shri P.R.Ramasubrahmaneya Rajha

Shri P.R.Venketrama Raja

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

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

Rajapalayam Mills Limited

The Ramaraju Surgical Cotton Mills Ltd.

Ramco Industries Limited

Sri Vishnu Shankar Mill Ltd.

Ramco Systems Limited

Sandhya Spinning Mill Ltd.

Thanjavur Spinning Mill Ltd.

Sri Harini Textiles Limited

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

1) *Inter Corporate Deposits given:*

Name of the Related Party	Maximum outstanding during the year (Rs.)	Interest (Rs.)	Outstanding as on 31.3.2007 (Rs.)
Ramco Systems Limited	20,00,00,000	79,44,110	20,00,00,000
Sri Vishnu Shankar Mill Ltd.	6,00,00,000	15,04,655	Nil
Sandhya Spinning Mill Ltd.	3,00,00,000	20,65,646	Nil
Ramco Industries Limited	4,00,00,000	2,30,137	Nil
The Ramaraju Surgical Cotton Mills Ltd.	10,00,00,000	56,99,727	Nil

2) *Goods Supplied:*

Cement:	Quantity (Tonnes)	Value (Rs.)	Outstanding as on 31.3.2007 (Rs.)
Name of the Related Party:			
Rajapalayam Mills Limited	1,425	50,42,800	Nil
Ramco Industries Limited	86,937	26,25,30,260	2,66,59,179
Sandhya Spinning Mill Ltd.	758	24,68,620	Nil
Sri Vishnu Shankar Mill Ltd.	635	23,60,065	Nil
Thanjavur Spinning Mill Ltd.	330	11,05,740	Nil
Sri Harini Textiles Limited	35	1,24,250	1,24,250
The Ramaraju Surgical Cotton Mills Ltd.	787	26,05,370	1,24,250
Others:			
Ramco Industries Limited			
- Clinker	7,264	2,06,25,693	Nil
- Fly ash	10,522	12,94,145	Nil

3) *Cost of goods & services purchased / availed:*

Name of the Related Party	Value of Goods and Services (Rs.)	Outstanding as on 31.3.2007 (Rs.)	Nature of goods / Services
The Ramaraju Surgical Cotton Mills Ltd.	10,900	Nil	Purchase of gauze and bandage cloth
Ramco Industries Limited	17,250	Nil	Purchase of fibre sheets
Ramco Systems Limited	5,64,40,269	3,39,40,000	Purchase of software/hardware products and availing software related services

4) *Corporate Guarantee given:*

Beneficiary	Bank Name	Guarantee Amount (Rs.)
Thanjavur Spinning Mill Ltd.	UTI Bank Ltd.	10,00,00,000
	State Bank of India	7,00,00,000
Ramco Systems Limited	UTI Bank Ltd.	27,49,50,000
	Citi Bank N.A.	30,75,50,000
	Deutsche Bank	25,00,00,000
	Kotak Mahindra Bank Ltd.	5,75,00,000
Sandhya Spinning Mill Ltd.	Indian Bank	34,38,00,000



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

(a) Annual Capacities and Production Installed		UOM	2006-2007	2005-2006
- Cement	Tons		59,90,000	59,90,000
- Readymix Concrete	Cu.Mtr		112Cu.m/hour	112Cu.m/hour
- Dry Mortar Mix	Tons		3,00,000	3,00,000
- Wind Mills	MW		63.79	45.84
Production				
- Cement	Tons		56,68,642	47,11,372
- Readymix Concrete	Cu.Mtr		62,518	65,108
- Dry Mortar Mix	Tons		28,656	21,362
- Power from wind Mills	Lac -KWH		657.19	377.99

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

	UOM	2006-2007		2005-2006	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Opening Stock					
- Cement	Tons	52,873	8,70,63,115	70,525	10,98,70,718
- Clinker	Tons			19,815	2,49,23,441
- Dry Mortar Mix	Tons	400	17,29,150	270	6,33,602
Net Sales					
- Cement (Ref: Note 1)	Tons	56,23,175	1511,31,59,018	47,03,180	930,41,48,816
- Clinker (Ref: Note 2)	Tons	7,264	1,72,36,341	2,94,861	42,82,93,300
- RMC	Cu.Mtr	62,518	7,18,00,435	65,108	6,86,21,406
- Dry Mortar Mix	Tons	28,555	8,31,74,585	21,202	4,84,65,172
- Limestone	Tons	11,654	81,33,533	11,279	61,28,453
- Dolomite	Tons	10,447	78,05,267	9,784	77,92,577
Self consumption :					
- Cement	Tons	43,423	4,71,39,065	24,672	2,65,55,097
- Clinker	Tons	52,679	5,73,72,524		
- Dry Mortar Mix	Tons	4	17,712	8	32,365
Closing Stock :					
- Cement (Ref: Note 3)	Tons	46,090	10,08,84,846	52,873	8,70,63,115
- Dry Mortar Mix	Tons	489	24,83,134	400	17,29,150

Note:

- 1) Cement Sale include Exports of 76,107 Tons (PY 2,28,198 Tons)
- 2) Clinker exports during Current year is Nil (PY 2,88,777 Tons)
- 3) After adjusting handling loss/loss in transit.

MADRAS CEMENTS LTD.

(c) Raw Materials consumed		2006-2007		2005-2006	
		UOM	Quantity	Value (Rs.)	Quantity
1) Cement					
Limestone	Tons	58,01,754	91,52,61,985	53,11,387	74,86,24,871
Gypsum	Tons	2,41,278	14,50,11,253	2,01,527	9,77,92,412
Magnesite	Tons	24,026	2,14,11,848	2,330	16,71,904
Ironore	Tons	37,387	3,37,39,511	31,427	2,18,03,197
Bauxite/Laterite	Tons	93,883	7,76,31,778	95,021	6,28,15,539
Purchased Clinker	Tons	52,653	7,68,08,431	37,519	2,31,10,611
Material Handling and Other Expenses		–	2,50,15,110	–	1,82,81,399
Slag	Tons	48,712	2,68,84,322	10,503	46,52,394
Others	Tons	14,47,131	54,07,74,560	13,06,709	42,75,06,109
2) Ready Mix Concrete					
Cement	Tons	19,958	3,97,39,056	19,001	3,95,89,820
Sand including crushed sand	CFT	11,32,261	1,55,32,496	11,91,970	1,24,74,828
Blue Metal	CFT	17,25,010	3,32,73,522	17,90,639	2,23,60,325
Admixtures	Ltrs	1,34,462	35,14,260	1,63,393	44,85,417
Others	Tons	2,380	7,83,475	2,845	8,96,033
3) Dry Mortar Mix					
Cement/White cement	Tons	11,734	2,00,54,022	4,299	79,04,601
LS Powder/Hydrated lime/Dolomite/Flyash	Tons	5,047	57,89,291	2,458	38,35,305
Sand	Tons	11,512	30,28,011	14,537	35,91,312
Additives	Kgs	70,251	1,30,33,543	44,744	79,32,153
4) Minerals processed for sale *					
Limestone	Tons	11,654	66,71,216	11,279	48,09,322
Dolomite	Tons	10,447	75,42,679	9,784	65,76,549
(*) in Karnataka State			<u>201,15,00,369</u>		<u>152,07,14,101</u>
(d) Value of imports calculated on CIF Value					
Components and Spare Parts			8,78,86,382		2,81,52,403
Capital Goods			29,33,54,592		6,41,23,290
(e) Expenditure in Foreign Exchange during the year					
			99,56,25,776		84,18,22,267



	2006-2007 Value (Rs.)		2005-2006 Value (Rs.)	
(f) Earnings in Foreign exchange (Direct Export to Iraq and Sri Lanka)	17,79,75,837		68,23,78,476	
(g) Exports:				
Direct Exports	17,79,75,837		68,23,78,476	
Deemed Exports	—		16,95,52,370	
(h) Value of Raw Materials, Stores & Spare parts consumed:	Rs.	%	Rs.	%
(i) Raw materials				
Imported	58,11,130	0.29	40,05,303	0.26
Indigenous	200,56,89,239	99.71	151,67,08,798	99.74
	<u>201,15,00,369</u>	<u>100.00</u>	<u>152,07,14,101</u>	<u>100.00</u>
(ii) Components & Spare parts				
Imported	8,78,86,382	22.43	2,81,52,403	10.31
Indigenous	30,40,10,340	77.57	24,48,99,313	89.69
	<u>39,18,96,722</u>	<u>100.00</u>	<u>27,30,51,716</u>	<u>100.00</u>

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

As per our report annexed Signatures to Schedules 'A' to 'V'

For M.S.JAGANNATHAN & N.KRISHNASWAMI Chartered Accountants K.SRINIVASAN Partner Membership No. 21510 Chennai 30-5-2007	For CNGSN & ASSOCIATES Chartered Accountants C.N.GANGADARAN Partner Membership No.11205	PR.RAMASUBRAHMANEYARAJHA Chairman & Managing Director K.SELVANAYAGAM Secretary	M.RAMAN M.G.BALASUBRAMANIAN P.R.VENKETRAMARAJA A.RAMAKRISHNA R.S.AGARWAL Directors
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MADRAS CEMENTS LTD.

CASH FLOW STATEMENT FOR 2006-2007

	2006-2007	2005-2006
		(Rs. in Lacs)
Cash flow from Operating Activities		
Net profit before tax and prior period and extraordinary items	46876.37	11597.12
Adjustments for :		
Depreciation	7190.36	6519.30
Interest paid	2282.95	3435.16
Interest & Dividend received	-398.56	-271.82
Deferred revenue expenditure written off	173.14	201.62
(Profit)/Loss on sale of assets	-29.73	-1.72
Operating Profit before Working Capital changes	56094.53	21479.66
Adjustments for:		
Trade and Other Receivables	-11751.88	-406.85
Inventories	-2728.94	3018.72
Trade Payables	2800.66	2894.14
Cash generated from operations	44414.37	26985.67
Direct taxes paid	13551.62	3016.70
Cash flow before prior period and extraordinary items	30862.75	23968.97
Prior period and extraordinary items	23.80	34.98
Net cash from operating activities (A)	30838.95	23933.99
Cash Flow from Investing Activities		
Purchase of fixed assets	-33048.99	-8529.63
Sale of fixed assets	93.85	21.04
Purchase of investments	-3.90	-889.48
Interest & Dividend received	398.56	271.82
Net cash used in investing activities (B)	-32560.48	-9126.25



CASH FLOW STATEMENT FOR 2006-2007 (Contd.)

		(Rs. in Lacs)	
		2006-2007	2005-2006
Cash Flow from Financing Activities			
		8264.16	6614.73
		12960.26	47.61
		-4152.37	-3973.40
		-5828.79	-13449.89
		-3754.04	1908.65
		-2282.95	-3435.16
		-2758.26	-1930.79
Net cash from financing activities	(C)	2448.01	-14218.25
Net increase in cash and cash equivalents	(A+B+C)	726.48	589.49
Opening cash and cash equivalents	(D)	4930.66	4341.17
Closing cash and cash equivalents	(E)	5657.14	4930.66
Net increase in cash and cash equivalents	(E-D)	726.48	589.49

As per our report annexed

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

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

PR.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

K.SELVANAYAGAM
Secretary

M.RAMAN
M.G.BALASUBRAMANIAN
P.R.VENKETRAMA RAJA
A.RAMAKRISHNA
R.S.AGARWAL
Directors

Chennai
30-5-2007

MADRAS CEMENTS LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No 3 5 6 6 State Code 1 8
 Balance Sheet Date 3 1 - 0 3 - 0 7

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

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

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

Total Liabilities 1 5 6 9 4 9 3 7 Total assets 1 5 6 9 4 9 3 7

SOURCES OF FUNDS

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

APPLICATION OF FUNDS

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

IV Performance of Company (Rs. in Thousands)

Turnover* 1 5 8 1 6 8 5 7 Total Expenditure 1 1 1 3 1 1 9 1

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

Profit before tax 4 6 8 5 6 6 6 Profit after tax 3 0 8 0 1 6 6

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

V Generic Name of Principal Product of Company

Item Code No. (ITC Code) 2 5 2 3 0 0 Product Description C E M E N T



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 49th Annual General Meeting of the Company to be held on Friday, the 27th July 2007
at 10.15 a.m. and at any adjournment thereof.

Signed this day of July 2007.

Affix 30 P
Revenue
Stamp and
Sign over it

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

N.B. : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.15 a.m. on Wednesday, the 25th July 2007.

Inauguration of the Thermal Power Plant at Jayanthipuram by Shri P.R.Ramasubrahmaneya Rajha, CMD. Dr. A. Ramakrishna, Director is besides him.



Shri P.R. Ramasubrahmaneya Rajha, CMD along with the project team at Jayanthipuram.

Erection of Kiln Shell in progress at Jayanthipuram.



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
