



49th
ANNUAL
REPORT
2011-2012

Chettinad Cement Corporation Limited



Founder

Dr. Rajah Sir M.A. Muthiah Chettiar's urge to contribute to the nation building cause combined with his business acumen culminated in establishment of "Chettinad Cement Corporation Limited" in 1962 to cater to the growing demands of Cement in the Country.

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MANAGEMENT

Chairman	:	Dr. M.A.M. Ramaswamy
Managing Director	:	Sri M.A.M.R. Muthiah
Directors	:	Sri Ramanathan Palaniappan Sri R. Krishnamoorthy Sri SP.ST. Palaniappan Sri K. Ganapathy Sri Md.Nasimuddin, IAS (TIIC Nominee) Sri L.Muthukrishnan
Company Secretary	:	Sri S. Hariharan
Auditors	:	M/s P.B. Vijayaraghavan & Co. M/s V. Soundararajan & Co. M/s Krishaan & Co.
Registered Office	:	"Rani Seethai Hall Building" No. 603, Anna Salai, Chennai – 600 006 Tel : 28292727 Fax : 28291558 E-mail : info@chettinadcement.com Website: www.chettinad.com

PROFILE

CHETTINAD CEMENT CORPORATION LIMITED

The history of the group "House of Chettinad" is linked with the 10 decades old saga. In 1912 took birth the House of Chettinad through a visionary, idealist and born entrepreneur Dr. Rajah Sir Annamalai Chettiar who believed in Social transformation through business. The founder of the House of Chettinad envisaged his companies providing the stimulus for Industrial Growth and conceived business as a means of improving the living standards of people.

Following the footsteps of his father Dr. Rajah Sir Annamalai Chettiar, Dr. Rajah Sir M.A. Muthiah Chettiar continued to contribute to the nation building cause and combined his business acumen to establish the Company "Chettinad Cement Corporation Limited" in 1962 to cater to growing demand of Cement in the Country. The Company's first manufacturing unit located at Puliur, Karur District, in Tamil Nadu commenced production in April 1968. Today the group is being steered under the versatile, dynamic and pragmatic Leadership of Dr. M.A.M. Ramaswamy and his son Sri M.A.M.R. Muthiah based on the footsteps of Dr. Rajah Sir M.A. Muthiah Chettiar. Apart from cement, the Chettinad House is today engaged in activities as diverse as granite, engineering, silica, garnet, information technology, education, health care, plantations, shipping, transportation, stevedoring, clearing and forwarding and logistics.

PRODUCTS

OPC 43 Grade
OPC 53 Grade
Super Grade
Sulphate Resistant Portland Cement
Portland Slag Cement

The company had made a modest beginning with Cement Plant of 2 lakhs Tonnes Per Annum at Puliur Village, Karur District, Tamilnadu. With further modernisation, and installation of additional Cement Grinding Unit of 0.5 MTPA in 2009-10, the capacity at Puliur Plant as of date is 1.10 MTPA.

The Company had then installed a Cement Plant with a capacity of 0.9 MTPA during 2001 at Karikkali Village, Dindigul District, Tamilnadu and installed an additional Cement Grinding Unit to increase its capacity to 1.4 MTPA during 2008.

During 2008-2009 & 2009-2010, company has installed two Green Field Cement Plants at Kilapaluvur Village, Ariyalur District, Tamilnadu at a capacity of 2 MTPA each.

The Company commissioned its second cement manufacturing unit with a capacity of 2 MTPA adjacent to its existing factory site at Karikkali Village, Dindigul District during the financial year 2010-11.

The Company has commissioned its Green field Cement manufacturing Unit with a capacity of 2.5 MTPA at Chincholi Taluk, Gulbarga District, Karnataka, during the financial year 2011-12

With this, the total cement manufacturing capacity of the company is 11.00 Million Tonnes Per Annum at its four units at Puliur, Karikkali and Ariyalur in Tamil Nadu and Chincholi Taluk, Gulbarga District in Karnataka.

The Company has installed captive power plants at all its Units to cater to the entire requirement of power for its Cement Plants. The Company has in all 105 MW of Power Generation from its captive power plants.

The Company, which has always been striving for Total Quality, possesses International Certification ISO 9001 : 2000, ISO 14001 : 2004 and ISO 18001 : 2000 and takes pride in being acclaimed as one of the major player in a highly competitive Cement Industry in India.

Chettinad Cement has attached great importance to corporate social responsibility and environmental values. This is manifest in the installation of the latest pollution control equipment at all its plants and social welfare work conducted in the villages and towns around all its plants.

The Company has achieved many laurels through awards for "BEST PERFORMANCE" in the Cement Industry and for Environmental Excellence.

PERFORMANCE AT A GLANCE

	2007-08	2008-09	2009-10	2010-11	2011-12
PRODUCTION			(In MT)		
Clinker	2062346	2318789	3029280	3474372	3887981
Cement	2905698	3148896	4003468	4562416	5139375
Capacity Utilisation (%)	145	135	78	70	52
SALES					
Cement & Clinker	2879187	3141914	4061789	4573979	5154671
FINANCIAL HIGHLIGHTS			(₹ in Lakhs)		
Turnover (Gross) including					
Other Income	111300	132762	153662	182184	235605
Gross Profit	34693	47064	51209	52093	69050
Interest & Lease rentals	1859	5078	7679	6299	9249
Depreciation	8150	42900	30808	36287	34681
Profit / (Loss) before Tax	24684	(914)	12722	9507	25120
Provision for Taxation					
– Current Tax (Net)	9262	5125	3080	1950	5807
– Deferred Tax - (Asset) / Liability	(1005)	(5678)	(21)	40	513
– Fringe Benefit Tax	50	60	-	-	-
Net Profit / (Loss) after Tax	16377	(421)	9663	7517	18800
PAID - UP SHARE CAPITAL	2950	2950	3820	3820	3820
RESERVES & SURPLUS	36299	32565	82552	88751	104221
RATIOS					
PBIDT to Sales (%)	31.33	35.61	33.63	30.28	30.03
PBT to Sales (%)	22.29	(-) 0.69	8.35	5.52	10.92
EPS (₹)	52.10	40.87	30.51	19.68	49.21
Debt to Equity	0.71	2.09	0.53	0.72	0.75
Book Value per Share (₹)	133	120	226	242	283
Dividend (%)	100	100	-	50	75

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **Forty ninth Annual General Meeting** of the members of Chettinad Cement Corporation Limited will be held at “**Rani Seethai Hall**” No.603, Anna Salai, Chennai - 600 006 on **Tuesday, the 25th day of September, 2012 at 10.00. A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Statement for the Year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of **Dr. M.A.M. Ramaswamy**, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of **Sri K. Ganapathy**, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To declare a Dividend on the Equity Share Capital for the Financial Year 2011-12.
5. To appoint M/s P. B. Vijayaraghavan & Co., M/s Krishna & Co., and M/s V. Soundararajan & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of the Forty ninth Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 3.00 Lakhs (Rupees Three Lakhs Only) each, plus applicable Taxes if any, besides out of pocket expenses.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution as **Special Resolution**, with or without modifications.

“RESOLVED THAT the Consent of the Company be and is hereby accorded under Section 372A and other applicable provisions of the Companies Act, 1956, if any, to the

Board of Directors of the company to invest upto Rs. 1300 Crores over a period of four years from 2012-13 to 2016-17 in the Equity Share Capital of its Associate Company M/s Chettinad Power Corporation Private Limited which is in the process of setting up of two Units of 660 MW Supercritical Thermal Power Plants in Tharangambadi in Nagapattinam District, Tamilnadu.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its discretion deem necessary, proper or desirable.”

7. To consider and if thought fit, to pass the following resolution as **Special Resolution**, with or without modifications.

“RESOLVED THAT consent of the shareholders/ Company be and is hereby given that pursuant to provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, the Company do commence the new businesses as mentioned in Clause Nos. 6 and 14 contained in the Object of the Memorandum of Association of the Company, as reproduced below:

Clause No.6. To search for, get, manufacture, work, make merchantable, sell and deal in iron, **coal**, iron ore, limestone, manganese, aluminium, tin, copper, silver, gold, cobalt, mica, nickel, clay, fire clay, and other metals, minerals and substances; and to buy, sell, manufacture, import, export and deal in minerals and mineral products, plant and machinery capable of being used in connection with mining or metallurgical operations or required by workmen and other employed by the company.

Clause No.14. To acquire, be interested in, construct, maintain, carryout, improve, work, alter, control and manage any tramways, railways, steam boats, roads, bridges, tunnels, water works, water rights, canals, irrigation works, gas works, **coal mines**, electric works, reservoirs, water – courses,

furnaces, stamping works, smelting works, factories, warehouses and other works and conveniences which the company may think conducive to any of its objects which may seem calculated directly or indirectly to promote the company's interests and to contribute to and take part in the constructing, maintaining carrying on, improving, working, controlling and managing of any such works or conveniences."

"RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorised to do all such acts and deeds, as may be necessary and expedient to do, in order to get the approval from the necessary statutory and/or regulatory authorities, permissions, approvals for the commencement of the businesses as cited above"

8. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**, with or without modifications.

"RESOLVED that Sri L. Muthukrishnan who retires under Section 260 of the Companies Act, 1956, at the 49th Annual General Meeting, be and is hereby appointed as a Director of the Company pursuant to Section 257 and other applicable provisions under the Companies Act, 1956".

**By order of the Board,
S.Hariharan
Company Secretary**

Place: Chennai

Date : 7th August, 2012

Notes:

1. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto for the Item Nos. 6 to 8 in the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
3. The Register of Members and Share Transfer Books of the company shall remain closed from **18/09/2012 to 25/09/2012** (inclusive of both days) for transfer of shares.
4. The Company has appointed M/s Integrated Enterprises (India) Ltd., "Kences Towers", 2nd Floor, No.1, Ramakrishna Street, T. Nagar, Chennai – 600 017 as the Registrar & Share Transfer Agents to undertake all investor servicing activities, both demat and physical segments with effect from 01/04/2003. All concerned are requested to send their documents and address all their correspondence directly to the above Registrars.
5. As part of their "Green Initiative in Corporate Governance" the Ministry of Corporate Affairs, have vide their Circular No.17/2011 dated 21.04.2011 and 18/2011 dated 29.4.2011 permitted companies to send various documents, notices, Annual Reports, etc., to the Shareholders through electronic mode to the registered e-mail address of the shareholders.

All the shareholders are therefore requested to register their current e-mail ID with their Depository or the company's Registrars and Transfer Agents, as the case may be to enable the company to send all the future corporate communications/Annual Reports electronically. The company shall still provide a physical copy of the above to any shareholder, on request, at no additional cost.

All the shareholders who are holding the shares in Physical Form are advised to get their shares dematerialized, if necessary.

6. Non-resident Shareholders are requested to inform us immediately :
 - a) The change of residential status on return to India permanently.
 - b) The particulars of the NRE Account, if not furnished earlier.
7. As per the Section 205-A, the unclaimed dividend amounts out of the Dividend declared from the financial year ended 31st March, 1996 onwards shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government after the expiry of seven years from the date of declaration. Accordingly, the unclaimed dividend for the

financial years 1995-96 to 2003-04, except where the claim is under dispute or kept in abeyance, has been transferred to the said Fund within the stipulated time. The next remittance of dividend declared during the financial year 2004-05 will be only during November, 2012.

The shareholders who have not claimed/encashed their dividend so far may communicate to the company/Registrars and get the dividend amount, declared for the Financial Years from 2004-05 to 2010-11.

8. The details of shareholdings of the Directors appointed/re-appointed in this Annual General Meeting has been disclosed along with their respective resume in the Annexure to the Directors Report – “Corporate Governance”.

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

Item No. 6:

The Company has received a proposal from M/s Chettinad Power Corporation Private Ltd., an Associate Company, seeking investment in the Equity Share Capital of the said Company for their proposed Supercritical Thermal Power Project of 1320 MW (660 MW x 2) at Tharangambadi Village, Nagapattinam District, Tamilnadu. The estimated project cost would be around Rs.8500 Crores and the said Company proposed to fund a part of the project cost through Equity Share Capital to the extent of Rs.2100 Crores. They are seeking an investment of Rs.1300 Crores from the Chettinad Cement Corporation Ltd. over a period of four years commencing from 2012-13.

The Proposal to invest in Equity Share Capital of Chettinad Power Corporation Private Ltd. to the extent of Rs.1300 Crores over a period of four years can be considered as the Power Industry Sector would be in demand, in future. In

investing in the shares of such project, the Company would be in a position to leverage the business opportunity in Power Sector.

As per the provisions under Section 372 A of the Companies Act, 1956, a Company can make investment in the shares of other bodies corporate through a Board Resolution upto 60% of its Paid up Share Capital and Free Reserves or 100% of its Free Reserves, whichever is more. In case the Company's investment exceeding the above limit, a previous authorization by a Special Resolution in General Meeting is required.

As the Investment envisaged in Chettinad Power Corporation Pvt. Ltd. exceeds the limit permissible to the Board of Directors, a Special Resolution is required to be passed at the ensuing Annual General Meeting for the total investment of Rs. 1300 Crores in the shares of the Associate Company M/s Chettinad Power Corporation Private Ltd.

Hence this Special Resolution.

Item No. 7:

Your Company is in the manufacture of cement and for that purpose consumes enormous amount of Coal as fuel, most of it imported and at prices which prevail in the International Market. The availability and the cost of the coal, being the major fuel for the manufacture of Cement, is highly fluctuating and not cost effective. Your Company is constantly on the look out for avenues to ensure steady, continuous supply of coal and at reasonable prices without compromising the quality. Towards this objective your management has identified some major suppliers of Coal in bulk quantities as well as Coal mines internationally, which would not only ensure continuous supply of Coal and at reasonable rates for its own consumption but also provide an opportunity for supply and trading to other entities.

The Object Clause of the Company as enumerated in the Memorandum of Association (MOA), more specifically Clause 6 read with Clause 14 clearly authorises the Company to carry on the business of Purchasing Coal, acquiring Coal Mines, commercially exploiting it for its own consumption or for sale, market and Trade to other entities. It would also be highly advantageous to the Company in terms of scalability of its operations and future expansion, when availability of fuel in time would save the Company from the highly volatile International Coal Market/ pricing.

The activity of acquisition, operation and exploitation of coal mines for consumption and utilisation by the Company for its operations and Sale or Trade in Coal to other entities is germane to the business of the Company and does not require Specific approval by means of a Special resolution from the shareholders of the Company.

However, as a matter of abundant precaution, your company seeks the approval of the shareholders by means of a Special Resolution to the new business to be commenced by the Company contained in the Objects Clause of the MOA.

Your Directors therefore recommend this Special Resolution as specified in Item No. 7.

Item No. 8:

Sri L. Muthukrishnan, has been appointed as an Additional director on the Board of the Company by the Board of Directors on 15.05.2012.

As per the provisions under Section 260 of the Companies Act, 1956 the Additional Director has to hold the Office of his Directorship only upto the date of the next Annual General Meeting (AGM) of the Company. Accordingly, Sri L. Muthukrishnan, would hold Office till the ensuing AGM. As per Section 257 of the Companies Act, 1956, the Company has received a Notice alongwith a Deposit of Rs.500/- from a member proposing Sri L. Muthukrishnan as a candidate for appointment as a Director at this AGM. Hence this resolution.

INTEREST OF DIRECTORS:

1. Sri M.A.M.R. Muthiah, Managing Director of the Company is the son of Dr. M.A.M. Ramaswamy, Chairman of the Company and is therefore, deemed to be interested in the subject matter under Item No.2 in the Notice.
2. None of the Directors is deemed to be interested in the subject matter under item No. 6 & 7 in the Notice.
3. Sri L. Muthukrishnan, Director is deemed to be interested in the subject matter under Item No.8 in the Notice.

INSPECTION OF DOCUMENTS

The following documents will be kept at the Registered Office, during the working hours of the Company and they are open for inspection by the Members.

1. Memorandum and Articles of Association of the Company.
2. Notice under Section 257 of the Companies Act, 1956 received from a member, proposing Sri.L.Muthukrishnan as a candidate for the office of the Directorship.

DIRECTORS' REPORT

The Shareholders,

Your Directors take pleasure in presenting the Forty Ninth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(₹ in lakhs)

	Current Year ended 31/03/2012	Previous Year ended 31/03/2011
Profit before Depreciation and Interest	69050	52093
LESS :		
Depreciation	34681	36287
Interest	9249	6299
Profit before Tax	25120	9507
LESS :		
Provision for Income Tax		
– Current	5807	1950
– Deferred (Assets) / Liabilities	513	40
Profit after current and deferred tax	18800	7517
ADD :		
Surplus brought from previous year	35864	31424
Total available for appropriation	54664	38941
APPROPRIATIONS		
Transfer to General Reserve	2000	850
Proposed Dividend	2865	1910
Tax on the Proposed Dividend	465	317
Balance Carried over to Balance Sheet	49334	35864

DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 7.50/- per Equity share (i.e., 75% dividend on the Equity Share Capital of the Company) for the Financial year ended 31st March, 2012.

PRODUCTION AND SALES FOR THE YEAR 2011-12

		MT
Clinker produced	-	3887981
Cement produced	-	5139375
Cement and Clinker Sales-		5154671

OPERATIONS

This is covered under the topic Management Discussion and Analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry structure and developments

The financial year 2011-12 has been one of great challenges to the Indian Economy. The challenge of sustaining the economic growth amid constraints of price stability ultimately resulted in the slowdown in growth to less than 7 % after nearly five years of consistent growth. The Agriculture and Services sector continued to show healthy growth and the slowdown can be fully attributed to the Industries sector. But considering the turmoil in major world economies, India still can be said to be in a more healthy scenario poised for an upward movement in growth.

The Cement Industry showed a reduced growth of around 7 % in tune with the reduced Industrial growth. Cement production and dispatches during the financial year 2011-12 grew by about 6.50%. The capacity grew by about 2.5%, but the capacity utilization was again less than 80%.

Your company reached another landmark in its history, when it recorded Production and despatch of Cement in excess of 5 Million Tonnes during the Financial Year 2011-12.

Your company commissioned its 2.5 Million Tonnes Cement manufacturing Unit at Sangam. K Village, Gulbarga District, Karnataka, during the financial year 2011-12. With this the total installed capacity of the company stands at 11.0 Million Tonnes.

b) Opportunities, Threats, Risks, Concerns and Outlook

It has been estimated that by 2016-17, the Demand for Cement in India would be to the tune of 407 Million Tonnes based on the estimate that the economy would grow at the rate of 9% during the XII Plan period of 2012-13 to 2016-17. This entails a growth chart for Cement Industry in excess of 10%. The Cement Industry has been actively advocating concretizing / White Topping of roads in the country as Cost effective in terms of longevity and economical in maintenance. The Central and State Governments is fast realizing the benefits of Concrete Roads / White topping and it is expected that Indian Roads in the future would be increasingly concrete.

Notwithstanding any major volatility in the world economy and its cascading effect in the Indian Economy, the future looks to augur well for the Indian Industry and Cement in particular.

c) Segment wise or Product wise performance

The Company has only one business segments and that is manufacturing and Sale of Cement. The only other segment namely Generation and Sale of Power revolves around the Cement segment and is mainly used for Captive consumption by the Cement segment. Given below are the Segment-wise and Product-wise production figures for the financial year 2011-12.

Grades of Cement	Quantity in M.T
OPC - 43 Grade & 53 Grade	1354284
SRC - PC	30600
PPC	3560468
Slag-PSC	194023
TOTAL	5139375

Power	Generation (in Units)
Captive Thermal Power Plant	536714770

d) Internal control system and their adequacy

The Company has got an adequate system of internal control in place commensurate with the size of its operation and is properly

designed to protect and safeguard the assets of the Company. There is a proper system for recording all the transactions which ensures that every transaction is properly authorized and executed according to the norms.

The Company has developed an in-house Internal Audit Department which is contributing to the continuous process of sharpening the Internal Control mechanism by introduction of various concurrent audit systems and facilitating regular evaluation of the system by the management.

The company had also appointed M/s R.G.N. Price & Co., Chartered Accountants as Internal Auditors to conduct the Systems and compliance Audit of the company for the financial year 2011-12.

e) Discussion on financial performance with respect to operational performance.

The financial year 2011-12 again saw your company re-write its history when it recorded Production and despatch of Cement in excess of 5 Million Tonnes. The Cement Production during the financial year was 5.13 Million Tonnes while the despatch of Cement was 5.12 Million Tonnes, a growth of 13% over the previous year. The company recorded a Gross Turnover of Rs. 2347 crores, an increase of 33% over the previous year. The Profit before Tax of the company stood at Rs. 251.20 crores, a record 164% increase contributed equally by increase in volume and Realisations.

f) Material developments in Human resources / Industrial relations front, including number of people employed.

As always, the Industrial relation during the current year also has been very cordial and contributed to mutual development. Various seminars, counseling sessions, trainings etc., were conducted to improve the quality of the manpower available thereby increasing the productivity and efficiency of the personnel. The number of personnel employed in the company is : 1532.

CAPTIVE THERMAL POWER PLANTS

KARIKKALI WORKS

The Gross power generation from the 1 x 15 MW and 1 x 30 MW Captive Thermal Power Plants during the year under review was 19.08 Crore Units, with an auxiliary consumption of 1.75 crore units. Out of the Net Generation of 17.33 crore Units, 15.11 crore units were captively consumed by the Cement Plant thereat and the remaining 2.22 crore units were sold under Power Purchase Agreements.

PULIYUR WORKS

The Gross power generation from the 15 MW Captive Thermal Power Plant during the year under review was 11.63 Crore Units, with an auxiliary consumption of 0.91 crore units. The Net generation was 10.72 crore Units. Out of the total net generation, 10 crore units were consumed captively by the Cement Plant thereat and the remaining 0.72 crore units were sold under Power Purchase Agreements.

ARIYALUR WORKS

The Gross power generation from the 3 x 15 MW Captive Thermal Power Plants during the year under review was 22.95 Crore Units, with an auxiliary consumption of 1.99 crore units. Out of the Net Generation of 20.96 crore Units, 14.71 crore units were captively consumed by the Cement Plant thereat and the remaining 6.25 crore units were sold under Power Purchase Agreements.

PROGRESS REPORT ON ONGOING PROJECTS

INTEGRATED CEMENT PLANT PROJECT AT KARNATAKA

Your company has commissioned the Greenfield Integrated Cement manufacturing Unit at Sangam.K Village, Chincholi Taluk, Gulbarga District, Karnataka with a capacity of 2.5 MTPA during the financial year 2011-12.

INDUSTRIAL RELATIONS

The Employees at all ranks of the Company have been extending their fullest co-operation for the smooth conduct of the affairs of the Company and maintenance of cordial Industrial relations. The Directors wish to place on record their

appreciation to the employees of the Company at all levels.

PUBLIC DEPOSITS

The company has no unmatured/unpaid Fixed Deposits at the end of financial year 2011-12.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217 (1) (e) of the Companies Act, 1956, the details regarding Energy Conservation, Technology Absorption, Foreign Exchange earnings and outgo are given in the Annexure hereto.

STATUTORY INFORMATION REGARDING EMPLOYEES

The particulars regarding employees falling within the purview of Section 217 (2-A) of the Companies Act, 1956 and the Rules made there under, are mentioned in annexure hereto.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2- AA) of the Companies Act, 1956, the Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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 or loss of the Company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) The Directors had prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the provisions of the Listing Agreement with Madras Stock Exchange Ltd. and the National Stock Exchange of India Ltd., where the Company's Equity Shares are listed, a Report on Corporate Governance is given in an Annexure hereto.

DIRECTORS

Dr. M.A.M. Ramaswamy, Chairman and Sri. K. Ganapathy, Director retire under Clause 102 of the Articles of Association of the Company and being eligible, offer themselves for re – appointment.

Sri. L. Muthukrishnan, appointed as Additional Director under section 260 of the Companies Act, 1956 retires in the ensuing Annual General Meeting. The company has received a Notice from a member under section 257 of the Companies Act, 1956, proposing the candidature of Sri. L. Muthukrishnan for appointment as Director in the ensuing Annual General Meeting.

AUDITORS

The Auditors, M/s P. B. Vijayaraghavan & Co., M/s Soundararajan & Co., and M/s Krishnaa & Co., Chartered Accountants retire at the ensuing Annual General Meeting and they are eligible for re-appointment.

Due to the increase in the volume of work for the Auditors, the Board has recommended an increase in the remuneration of the Auditors from Rs. 2,25,000/- to Rs.3,00,000/- each, besides their out of pocket expenses.

The Cost Audit of the Company is conducted by M/s Geeyes & Co., Chennai.

The Cost Audit Report for the financial year 2010-11 was due to be filed by 27th September, 2011 and the same has been filed on 24th September, 2011. The Cost Audit Report for the financial year 2011-12 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

CAUTIONARY STATEMENT

Statements made in this Report, including those stated under the caption “Management Discussion and Analysis” describing the company’s objectives, expectations or projections may constitute “forward looking statements” within the meaning of applicable securities laws and regulations.

Important factors that could influence the Company’s operations include global and domestic supply and demand conditions affecting the selling prices of finished goods, availability of inputs and their prices, changes in the government regulations, tax laws, economic developments within the country and outside and other factors such as litigations and Industrial relations.

The Company assumes no responsibility in respect of the forward looking statements which may undergo changes in the future on the basis of subsequent developments, information or events.

ACKNOWLEDGEMENT

The Board of Directors wish to thank all the Shareholders, Government Authorities and Financial Institutions and Bankers, Suppliers, Customers and all the categories of Employees for the continued assistance, support and direction to the company during the year under review.

ADDENDUM

Auditors’ Report :

Regarding the liability, if any, under the provisions of Jute Packaging Materials (Compulsory use in the Packing Commodities) Act, 1987, the Note No. 38 of the Notes forming part of the Accounts is self-explanatory and the Directors opine that as the amount of liability is not ascertainable, necessary provision can be made in the year in which the actual liability would arise.

**For and on behalf of the Board,
M.A.M. RAMASWAMY
Chairman**

Place : Chennai

Date : 29th May, 2012.

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure under sub-section 1(e) of Section 217 of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

PULIYUR FACTORY:

1. Permanent grid connectivity obtained in November – 2011
2. 72 Lacs units exported to TNEB during the year 2011-12
3. Total 6000KVA maximum demand was surrendered on 28.01.2012 and Demand charges completely NIL
4. Start up power of 1600 KVA sanctioned and obtained on 14.02.2012.
5. Totally, 1.65 Lakhs Units conserved by various power saving activities.

KARIKKALI FACTORY:

1. VFD installed for Cement mill – 2 nuisance bag filters and dry fly ash bag filter.
2. Weigh feeders installed instead of apron feeder for improving LS pile stacking capacity with reduced motor power.
3. Installed GRR control for coal mill main drive to reduce the table speed for petcoke grinding.
4. Cooling fan impellers changed with FRP instead of cast iron in Ball mill and cement mill 1 main drives to reduce the power consumption.
5. Installed VFD drive for coal stacker travel motor instead of soft starter.
6. New coal firing blower installed for kiln firing to reduce thermal energy consumption in Kiln 1.
7. To improve the dust collection and coal ash reduction, horiclone modification done in coal mill.

ARIYALUR FACTORY:

1. Kiln Shell cooling fans on / off control based on shell scanner temperatures.
2. Reducing the frequency of power generation from 50m to 49 HZ
3. Running Coal crusher in single command from DCS as well as with single push button from the site.
4. Feeding and incineration system installed in

both lines for using FRP waste, wood chips, paint sludge, spent carbon and other materials.

5. Running lime stone reclaimer in PID with reference to hopper level.
6. Total Plan (Line 1) running in Expert Optimizer.
7. All Nuisance Bag filters of Limestone section stopped due to high moisture content in Limestone – 12%.
8. All Nuisance Bag filters of coal crusher section stopped during monsoon – use of Indonesian Coal with moisture content of 22 – 25%.
9. Starvation switch installed in belts to avoid idle running.
10. Raw mill reject belt running in minimum speed.
11. Running Limestone crusher in single command from DCS.
12. All Cement mill silo top pneumatic diverting gates converted to motorized gates.
13. Line 1 & 2 Cement Mill compressor pressure settings had reduced from 6 -7 Kg. /Cm2 to 5.3 – 6 Kg./Cm2.
14. In Line -1 Cement Mill compressor dryers start/ stop given in DCS operation.
15. Hot air line duct connected to 90 KW AIR COOLED COMPRESSOR IN Line 1 & 2.
16. Line 1 & 2 Raw material hopper, 55 KW compressor (Model – ML-55 & e-55) STOPPED AND CONNECTED FROM Pre heater compressor.
17. VFD Installed in different drives:
 - a. 90 KW VFD compressor installed in Packing House replacing 160 KW compressor
 - b. Raw mill and coal mill Table water spray pump
 - c. Raw Mill Reverse air fan in both lines.
 - d. Cement Mill Bottom bag house rotary air locks – 24 Nos.
 - e. Wagon Loading machine
18. Utilisation of lignite and pet coke coal in cement Plant
19. Utilisation of lignite coal in power plant.

20. Timer Control for Samiyar Thopu area focus lightings.
21. Provision of Auto changeover of SPRS system from GRR in all HT fans.
22. No air loss drain valve in Pre heater compressor receiver tank.
23. Utilisation of Effluent water in place of Raw water in coal yard and gypsum yard.

b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy.

PULIYUR FACTORY

1. Tripple Feed Gate in Raw mill to be replaced with Rotary airlock sluice to reduce false air across mill & for energy savings.
2. Tripple Feed Gate in Cement Mill 1 to be replaced with Rotary airlock sluice to reduce false air across mill & for energy savings.
3. Wagon loading platform to be extended to reduce wagon loading time.
4. Modification of Pre heater down comer duct to reduce power consumption.
5. Raw mill gas duct modifications to reduce power consumption.

KARIKKALI FACTORY

1. Planned to install VFD for nuisance Bag filter fans (7 Nos.)
2. Operation of Reverse air fan with VFD
3. Installation of Rotary Air Lock instead of Triple Flap Gate in Raw mill-1 and Coal mill-1 Section.
4. Installation double rotary air locks in place of Single in cement mill 1 Bag house.

ARIYALUR FACTORY

1. Providing FRP Impellers for Fans
2. Uninterrupted power supply to PCC
3. Bucket Elevator Bucket Sensors will be installed in all Elevators
4. Raw coal feeding provision by means of Bucket elevators to Raw coal hoppers in case of Emergencies.
5. Coal mill feed twin screw will be eliminated
6. Fixing of Tiles in Grit cone in Raw Mill.

7. Provision for corrective crushing from Limestone crusher – 2.
8. Painting of Pre-heater/Calcliner/Feed pipes.
9. To feed AFT material in Line -2 pre-hearer.
10. MVS Atmospheric Nitrogen Generator for generating nitrogen inert gas.
11. Hot gas by passing coal mill cyclone dust collector.
12. To improve power factor, Replacing of Schneider Make LT Capacitor to ABB make LT Capacitor
13. To avoid welding of contactor while starting with high current replacement of Telemechanique make power contactor by Seimens make Vacuum contactor in 212 CRI feeder.
14. In CPP for reducing chemical, auxiliary and water consumption cooling tower 1 & 2 will be shifted to tower -3.
15. To optimize coal and to reduce LOI, a coal optimizer will be installed in CPP.

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

The improvement in efficiency in the Plants at Puliur, Karikkali and Ariyalur are shown in Form- A

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto.

Please see Form A

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption as per Form B of the Annexure.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services; and export plans: Nil

g) Total Foreign Exchange Used and earned:

During the Year 2011 – 12 foreign exchange earned ₹ 196 Lakhs (previous year - ₹ 242 Lakhs) and used was ₹ 11537 Lakhs (previous year – ₹ 1818 Lakhs)

FORM A
FORM FOR DISCLOSURE OF PARTICULARS
WITH RESPECT TO CONSERVATION OF ENERGY

		Year ended 31.03.2012	Year ended 31.03.2011
A. POWER & FUEL CONSUMPTION			
(1) Electricity			
a) Purchased	Kwh	4533700	11870403
Total Amount	₹ in lakhs	346.89	780.16
Rate/Unit	₹	7.65	6.57
b) Own Generation	Kwh	3634164	28035058
Through Diesel Generator Unit	Kwh	3.80	3.54
Units per litre of HSD / LSHS oil	₹	11.16	11.30
Cost/Unit			
c) CPP (Coal based)	KWH	490201957	426218379
Total Cost	₹ in lakhs	26331.56	21522.65
Cost per Unit	₹	5.37	5.05
(2) Coal / Pet coke / Others			
Quantity	Tonnes	800316	741697
Total Cost	₹ in lakhs	55375.71	41485.88
Average Rate	₹/MT	6919	5593
(3) Furnace Oil			
Quantity	MT	452	493
Total Cost	₹ in lakhs	178.36	134.96
Average Rate	₹/MT	39494	27375

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards, if any		
(1) Electricity (INKWH)	95	77.42	79.12
(2) FUEL: % on Clinker production	20%	12.347	12.286

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

Puliyur, Karikkali & Ariyalur Factories:	
1. Specific areas in which R&D activities carried out by the company	<p>The Company has established Centralised concrete and R&D Lab at Puliyur Works and is carrying out the following activities:</p> <ol style="list-style-type: none"> Usage of alternate fuels derived from municipal waste materials on a sustainable basis. To conserve natural mineral, energy resource and cost reduction. To have competitive edge in the present day cement marketing scenario. To determine optimum cement content in various concrete mixes. To ensure that our customers/consumers get the best result out of the products (Cement supplied by us, in various applications-Domestic, Industrial Coastal area construction.) To study the strength development of concrete at various ages/various design mixes. To increase the usage of mineral admixtures in concrete.
2. Benefits derived as a result of the above R&D	<ol style="list-style-type: none"> Better and durable concrete. Better customer satisfaction. Value addition to products supplied. Control of cement manufacturing cost by reducing the consumption of input materials (Coal/Iron ore/ Power). Conservation of Mineral resources, use of low and marginal grade Limestone. Fly ash consumption increased from 24.66 to 25.71 % in the year 2011-12. Slag absorption has increased from 53.69% to 62.96 % in the year 2011-12.
3. Future Plan of Action	<ol style="list-style-type: none"> To standardize the types of various lubricants used in the Plants and reduce lube oil consumption. Recovery of steel materials from scrap upto 3% It is planned feeding and incineration system installation for using plastic waste from Municipal Solid Waste. Exploration of limestone availability in new lease areas around Seethainagar & Dholipatti Mines so as to augment the life of limestone mines to sustain and improve the level of clinker production in future. Setting up of Optical Microscope Laboratory at Puliyur Works for carrying out R & D work affiliated to Puliyur Plant under the guidance of NCBM, Ballabgarh. It is planned to integrate all the three quality system (IS/ISO 9001 : 2008, IS/ISO 14001 : 2004, IS 18001 : 2007).
4. Expenditure on R & D	(Amount - ₹ in Lakhs)
a. Capital	:
b. Recurring	:
c. Total	:
d. Total R&D expenditure as percentage of total turnover	:
	0.03

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION : NIL

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SUB-SECTION (2A) OF SECTION 217 OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012.

Statement showing the particulars of Employees employed throughout the Financial year 2011-12 who were in receipt of remuneration not less than ₹ 60.00 Lakhs per year.

Name (1)	Age (2)	Designation/ Nature of Duties (3)	Remuneration Received * (₹ in lakhs) (4)	Qualification & Experience (in years) (5)	Date of commencement of Employment (6)	Particulars of Last Employment (7)
Mr. C.Sudhakar	63	Technical Director	142.87	M.sc. (Chemistry) 37	07.03.1989	Malabar Cement
Mr.A.Subramanian	63	Jt.President (Fin. & Admin.)	64.58	M.Com 44	03.04.1967	-
Mr.A.Sekar	59	Sr.Vice President(Proj.)	60.97	B.E (Mech.), PGDIPM 35	27.08.2008	Madras Cements Ltd.

Note:

- 1) * Remuneration as shown includes inter-alia, Salary, House rent allowance, Medical Expenses, Leave Travel Assistance, Leave encashment and Provident fund contribution but excludes contribution to Gratuity fund which is not individually allocable.
- 2) The service of above mentioned employees is regular and governed by the rules and regulations of the company.
- 3) The above mentioned employees are not related to any of the Directors of the Company.
- 4) No employees were employed for the part of the Financial year 2011-12 who were in receipt of remuneration not less than Rs.5.00 Lakhs per month.

ANNEXURE TO DIRECTORS' REPORT - CONTD.

REPORT ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE.

The main aim of the concept of Corporate Governance is to create a balance which would result in long term value additions to the Investments of Shareholders while catering to the interests of employees, customers, suppliers, Government and public at large, which covers in its ambit the concept of Social responsibility of Corporate also.

The Company has always believed in following a policy which would contribute towards achieving this balance and thereby reap maximum rewards to all concerned. In this endeavor, the Company has always maintained transparency in its policies, procedures and reporting systems so as to enable the various stakeholders to know exactly the kind of environment they are dealing with. The Company has got very versatile and well qualified Directors in its Board with rich experience in their respective fields and all matters of strategic importance are decided by the Board. The Company has a well constituted Audit Committee and Share Transfer Committee to monitor the financial state of affairs and shareholders interest respectively.

2. BOARD OF DIRECTORS

- A.** Details of composition, category of Directors and details of their Chairmanship / membership in other Boards / Committees and attendance of each Director at the Company's Board Meetings and last AGM

Category	Name of the director
Promoter [Non-executive] [Executive]	Dr. M.A.M. Ramaswamy, Chairman Sri M.A.M.R. Muthiah, Managing Director
Non-executive – Independent Directors	Sri Ramanathan Palaniappan Sri SP.ST. Palaniappan Sri R. Krishnamoorthy Sri K. Ganapathy
Nominee Director of TIIC	Sri Md. Nasimuddin, IAS

No Director is related to any other Director on the Board in terms of definition of the term "relative" under the Companies Act, 1956 except Dr. M.A.M. Ramaswamy, (Chairman) who is father of Sri M.A.M.R. Muthiah, (Managing Director).

S No.	Name of the Director	No. of Board meetings attended	AGM attended	No. of Membership and Chairmanship in other Boards and Committees.			
				Boards		Committees	
				Chairman	Member	Chairman	Member
1.	Dr.M.A.M.Ramaswamy Non-executive (Promoter)	3	Yes	2	–	–	–
2.	M.A.M.R.Muthiah Executive –(Promoter)	4	Yes	–	2	–	–
3.	R.Krishnamoorthy Independent–Non Executive	4	Yes	–	–	–	–
4.	Ramanathan Palaniappan Independent–Non Executive	2	Yes	1	2	–	–
5.	SP.ST.Palaniappan Independent–Non Executive	3	Yes	–	–	–	–
6.	K.Ganapathy Independent–Non Executive	4	Yes	–	1	–	–
7.	Dr.T.PrabhakaraRao, I.A.S (Since replaced by TIIC with Mr. Md. Nasimuddin, from 11/11/2011)	1	TIIC Officials attended	-	-	-	-
8.	Sri.Md.Nasimuddin, I.A.S (Nominee Director of TIIC)	-	-	1	6	-	-

B) No. of Board Meetings held : 4 (Four)

Dates on which held: 27/05/2011, 09/8/2011, 11/11/2011, 7/2/2012

None of the Non-executive Directors of the Company has any pecuniary relationship or transaction with the Company.

Bio – Data of Directors proposed to be appointed / re-appointed :

i) Name of the Director Dr. M.A.M. Ramaswamy

Date of Birth 30.09.1931

Qualification B.A., D.Litt.

Nature of Expertise Industrialist

Date of First Appointment 11.12.1962

Name of the other Companies in which he holds Directorship Chairman In:
Chettinad Morimura Semi Conductor Material Pvt. Ltd.
Madras Race Club

Name of the Companies in which he holds membership of committees Nil

No. of Shares held in the Company 9183834 Equity shares of Rs.10/- each

ii) Name of the Director	Sri K.Ganapathy
Date of Birth	21.07.1936
Qualification	B.A., (Hons.)
Nature of Expertise	Banker
Date of First Appointment	25.07.1994
Name of the other Companies in which he holds Directorship	Member of Committee of Management in : Madras Race Club
Name of the Companies in which he holds membership of committees	Chettinad Cement Corporation Ltd.
No. of Shares held in the Company	500 Equity shares of Rs.10/- each

iii) Name of the Director	Sri L.Muthukrishnan
Date of Birth	13.11.1944
Qualification	B.Com., A.C.A
Nature of Expertise	Chartered Accountant
Date of First Appointment	15.05.2012
Name of the other Companies in which he holds Directorship	Director in : Chettinad Holdings Pvt. Ltd Indus Green Gold India Pvt. Ltd
Name of the Companies in which he holds membership of committees	--
No. of Shares held in the Company	500 Equity shares of Rs.10/- each

C) BOARD PROCEDURE

The Company convened Four Board Meetings during the Financial Year 2011-12. The Notices of the Board meeting were sent well in advance to all the Directors to enable them to make themselves convenient to attend the Meeting. The detailed Agenda for the meeting along with notes if any were sent to the Directors about one week to ten days before the Meeting. The Managing Director would give an over view of the performance of the Industry, in general and the Company, in particular. It is followed by a technical presentation by the Technical Director on the performance of the Company on various parameters. The Board of Directors generally reviewed the following:

- Annual operating plans
- Compliance with statutory and legal requirements.
- Adoption of quarterly un-audited financial results.
- Funding requirements and patterns of the Company.
- Transaction of Capital nature.
- Proceedings of the Committee Meetings.

3. CODE OF CONDUCT

The company has put in place a Code of Conduct for its Directors and Senior Management Officials to be adhered to in conduct of the affairs of the Company. The said Code of Conduct has been circulated among the Directors and Senior Management Officials and also uploaded in the official website of the company.

CEO/CFO Certification

The Managing Director the Chief Financial Officer of the Company give Annual Certification on financial reporting and internal control to the Board of Directors in terms of Clause 49(v) of the Listing Agreement.

4. AUDIT COMMITTEE

The Company has constituted an Audit Committee to conform with the requirements of Section 292 A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement with Stock Exchanges. The Committee comprises of four Directors as its members namely, Sri SP.ST. Palaniappan, Sri. K. Ganapathy, Sri R. Krishnamoorthy and Sri M.A.M.R. Muthiah. Sri SP.ST. Palaniappan is the Chairman of the Audit Committee.

The Committee held Four Meetings during the Financial year 2011-12, on 26/5/11, 8/8/11, 10/11/11, 6/2/12.

All the four meetings held were attended by Sri M.A.M.R. Muthiah, Sri R. Krishnamoorthy, and Sri K.Ganapathy and out of four, 3 meetings were attended by Sri SP. ST. Palaniappan.

The Chairman of the Committee, Sri SP. ST. Palaniappan was present at the last Annual General Meeting held on 9th August , 2011.

Brief description of the terms of reference :

- o To review the Company's financial reporting process and financial statement.
- o To recommend the appointment of Statutory Auditors and the Cost Auditors.
- o To review the accounting and financial policies and practices.
- o To review the internal control mechanism and monitor risk management policies adopted by the company and ensure compliance with regulatory guidelines.
- o To review reports furnished by the Internal and Statutory Auditors and ensure that suitable follow – up action is taken.
- o To examine the accountancy, taxation and disclosure aspects of all the significant transactions.
- o Any other matters coming under reference.

5. REMUNERATION COMMITTEE

The Board has constituted a Remuneration Committee conforming with the requirements of Schedule XIII and other relevant provisions of the Companies Act, 1956 with the following Directors as its members, namely, Sri SP. ST. Palaniappan, Sri K. Ganapathy and Sri R. Krishnamoorthy. Sri R. Krishnamoorthy is the Chairman of the Committee.

The Remuneration Committee met on the 28/04/2011 for according its approval for the payment of monthly remuneration of ₹ 4.00 lakhs per month to Sri M.A.M.R. Muthiah, Managing Director from 1st April 2011 to 31st March, 2012, as per sub-section 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. The payment of the said remuneration to the Managing Director was approved subject to the stipulation that in the event of the company making profits, the monthly remuneration paid would be adjusted in the overall commission that may be paid to the Managing Director.

Further, none of the Directors other than the Managing Director is being paid any remuneration other than the sitting fees for attending the Board/Committee meetings held during the year.

Remuneration to Directors

The Managing Director is entitled to a remuneration of ₹ 1322 lakhs as Commission on the net profits of the company for the Financial Year 2011-12 as per his terms of appointment and in compliance with the provisions of Schedule XIII of the Companies Act, 1956.

The Directors have been paid sitting fees for their attendance at the Board/Committee meetings held during the Financial year 2011-12. The Traveling Expenses are being paid to the concerned Directors. The details of payment of sitting fees paid to the Directors are given below :

Name of the Director	Sitting fees paid (₹)	No. of Shares held in the Company
Dr. M.A.M. Ramaswamy	6000	9183834
Sri M.A.M.R. Muthiah	42000	5586709
Sri R. Krishnamoorthy	42000	1400
Sri Ramanathan Palaniappan	4000	500
Sri SP. ST. Palaniappan	34000	525
Sri K.Ganapathy	16000	500
Dr. T. PrabhakaraRao, IAS	2000	-
Mr. Md. Nasimuddin, IAS	-	-
Total amount of Sitting fees:	146000	

6. SHAREHOLDERS' COMMITTEE

The Company is already having a Share Transfer Committee consisting of three Directors Viz., Sri M.A.M.R. Muthiah (Managing Director), Sri SP.ST. Palaniappan and Sri R. Krishnamoorthy as its members. Sri SP. ST. Palaniappan is the Chairman of the Committee.

Name and designation of Compliance Officer: Mr. S. Hariharan, Company Secretary.

This Committee is also performing the functions of catering to the Shareholder grievances. The Company had received 55 complaints during the financial year 2011-12 and the above said Committee had sorted out all the grievances to the satisfaction of the Shareholders except in the cases where the matter is pending before the Court of law.

7. GENERAL BODY MEETINGS

The Date, location and time of the last three Annual General Meetings of the Company are given below:

Financial Year	Location	Date	Time
2008-09	"Rani Seethai Hall", 603, Anna Salai, Chennai – 600 006	7th September, 2009	10.00 a.m.
2009-10	"Rani Seethai Hall", 603, Anna Salai, Chennai – 600 006	21st September, 2010	10.00 a.m.
2010-11	"Rani Seethai Hall", 603, Anna Salai, Chennai – 600 006	9th August, 2011	10.00 a.m

There was no requirement of passing resolutions by way of Postal Ballot in the above said three Annual General Meetings.

Particulars of Special Resolution passed in the previous three Annual General Meetings:

Special Resolution passed as required under Schedule XIII of the Companies Act, 1956 at the meeting held on 21.9.2010 regarding re-appointment of Managing Director.

8. DISCLOSURES

- Related party transactions have been disclosed in Item No. 47 of the Notes forming part of the Accounts, as required under the Accounting Standard 18 issued by the Companies (Accounting Standard) Rules, 2006. These transactions are not likely to be prejudicial with the Company's Interest.

b) There were no instances of non-compliances or imposition of any penalty/strictures on the Company by the SEBI/Stock Exchange/any Statutory Authority, on any matter relating to capital markets, during the last three years.

c) **Risk Assessment and Mitigation Procedure** : Risk assesment and mitigation procedure is an ongoing process. The company has in place a concurrent process of Risk assessment and mitigation in the form of periodic review meetings of individual divisions of the company. These review meetings are chaired by the Managing Director where the various risks faced in the operations, its current and future impact both in financial and operational terms, are discussed in detail and steps for minimizing the impact is deliberated, finalized and implemented.

The Managing Director, primarily in-charge of conduct of the affairs of the company appraises the Board of Directors regularly about the assessed risks and the measures taken to mitigate the same to ensure smooth conduct of the business of the company.

d) The Code of Conduct ensures that the conduct of affairs of the company is carried out with the highest levels of integrity and ethics with adequate avenues for reporting any suspected fraud or unethical behavior coming to the knowledge of the concerned staff. No employee of the company is denied access to the Audit Committee.

e) Non-Mandatory requirements regarding Non-executive Chairman and Remuneration Committee is complied with.

9. MEANS OF COMMUNICATION

- a) The Quarterly Financial results for the financial year 2011-12, were published in Business Line (all Editions), News Today (Regional) and Makkal Kural (Tamil Regional).
- b) Financial results are being displayed in the Company's Website.
- c) No official news releases are made and also no presentations have been made to institutional investors or to the analysts.
- d) The Management Discussions & Analysis is a part of Annual Report.

10. GENERAL SHAREHOLDER INFORMATION :

a) Date, time and venue of the Annual General Meeting.

Date : 25/09/2012 Time : 10.00 A.M.
Venue : Rani Seethai Hall
No. 603, Anna Salai, CHENNAI – 600 006

b) Financial Calendar

Financial year – 1st April to 31st March

Unaudited Financial Results:

Quarter ending 30th June '12 – Before 14th August '12

Quarter ending 30th Sept. '12 – Before 14th Nov '12

Quarter ending 31st Dec. '12 – Before 14th Feb '13

* Quarter ending 31st Mar. '13 – Before 15th May '12.

* No unaudited financial results will be considered for the last quarter of the financial year 2012 -13 in case Audited Financial results are to be submitted to the Stock Exchanges before 30.05.2013.

c) Date of Book closure

18/09/2012 to 25/09/2012

d) Dividend payment date

Within 30 days from the date of declaration i.e., 25/09/2012.

e) Listing on Stock Exchange

Madras Stock Exchange Ltd., Chennai
National Stock Exchange of India Ltd., Mumbai

f) Stock Code

Madras Stock Exchange : **CCM**
National Stock Exchange: **CHETTINAD**

g) Market price Data :

NSE, High, Low during each month in last financial year 2011-12

Month	High (₹)	Low (₹)
April'11	508.00	435.00
May'11	520.00	388.65
June'11	450.00	389.00
July'11	499.00	428.00
August'11	474.00	414.00
September'11	545.00	410.00
October'11	500.00	445.00
November'11	528.00	435.55
December'11	555.50	450.00
January'12	584.45	505.55
February'12	614.95	529.90
March'12	590.10	528.60

h) Registrars and Transfer Agents.

Depository Registrar :

Integrated Enterprises (India) Ltd.,
 II Floor, 'Kences Towers'

No.1, Ramakrishna Street, North Usman Road,
 T.Nagar, CHENNAI – 600 017.

The Physical transfers of shares were being executed by the Company in-house. From 1st April, 2003, the administration of physical shares have also been handed over to M/s Integrated Enterprises (India) Ltd., as per the directions of SEBI.

i) Share Transfer System

The Company has constituted a Share Transfer Committee which considers and approves the transfer and transmission etc., of shares in Physical mode. The Committee meets once in every 25-30 days and approves all the pending share transfers, transmission etc., received during the intervening period which are in order.

The administration of both physical and Dematerialised shares are being handled by our Registrars M/s Integrated Enterprises (India) Ltd.

j) Distribution of Shareholding as on 31.03.2012

i) On the basis of quantum of Shares held.

No. of Shares held	No. of Share-holders	No. of Shares	Share %
Upto 500	3542	505395	1.33
501 to 1000	335	270943	0.71
1001 to 2000	133	206045	0.54
2001 to 3000	35	89550	0.24
3001 to 4000	17	62146	0.16
4001 to 5000	3	13278	0.03
5001 to 10000	10	70173	0.18
10001 & above	33	36981468	96.81
TOTAL	4108	38198998	100.00

ii) On the basis of category of Shareholders

Category	No. of Shares	%
Promoters and Relatives	33782577	88.44
Financial Institutions	1235210	3.23
Foreign Holdings (FII/NRI)	97098	0.26
Other Corporate Bodies	1793584	4.69
Mutual Funds	2200	0.01
Banks	1200	0.00
Indian Public	1287129	3.37
TOTAL	38198998	100.00

k) Dematerialisation of shares and liquidity

The Company has entered into the Tripartite Agreements with the National Securities Depository Ltd., (NSDL) and Central Depository Services Ltd., (CDSL) for dematerialization of shares. As on 31.03.2012, the total number of Dematerialized Shares are 35829567. The total number of demat shareholders are 2816. For dematerialization of shares, the ISIN of the Company is INE132B01011.

l) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and likely impact on Equity.

The Company has not issued any GDR / ADR and the Company does not have any outstanding warrants or other convertible instruments.

m) Plant locations

PULIYUR WORKS: Kumararajah Muthiah Nagar, Puliur Cement Factory Post, Karur District, Tamil Nadu-639114.

KARIKKALI WORKS: Rani Meyyammai Nagar, Karikkali Village, Via - Palayam, Vedasandur Taluk, Dindigul District, Tamil Nadu.-624703

ARIYALUR WORKS: Kilapaluvur (P.O), Ariyalur District, Tamil Nadu-621707.

KALLUR WORKS: Sangam K. Village, Garagappalli Post, Chandapur(SO) Chincholi (TK), Gulbarga(DT) Karnataka-585305.

n) Address for correspondence

Chettinad Cement Corporation Limited,
Regd. Office : "Rani Seethai Hall Building",
No. 603, Anna Salai, CHENNAI – 600 006
Phone : 044 28292727 Fax: 044 28291558
E-mail : info@chettinadcement.com
Website: www.chettinad.com

o) Investor Correspondence

For matters relating to Shares, Dividends and Annual Reports :

Integrated Enterprises (India) Ltd.,
II Floor, 'Kences Towers'
No.1, Ramakrishna Street, North Usman Road,
T.Nagar, CHENNAI – 600 017
Phone: 044-28140801-803 Fax:28142479
Email ID: corperv@integratedindia.in

For General Investor related information:

The Company Secretary
Chettinad Cement Corporation Limited,
"Rani Seethai Hall Building",
No. 603, Anna Salai,
CHENNAI – 600 006
Email ID : shares@chettinadcement.com

Unclaimed Dividends

The unclaimed dividend for the financial years 1995-96 to 2003-2004, except where the claim is under dispute or kept in abeyance, has been transferred to the Investor Education and Protection Fund (IEPF) within the stipulated time .

The following table shows the details of Dividend relating to financial years 2004-05 to 2010-11 and the due dates on which the unclaimed/un- encashed dividend amounts with respect to the same have to be remitted into IEPF.

Year	Date of Declaration	Dividend (%)	Due date for transfer to IEPF
2004-05	26.09.2005	40	01.11.2012
2005-06	19.09.2006	50	15.11.2013
2006-07	25.09.2007	75	31.10.2014
2007-08	23.09.2008	100	28.10.2015
2008-09	07.09.2009	100	13.10.2016
2009-10	No Dividend declared	-	-
2010-11	09.08.2011	50	14.09.2018

The shareholders are being given due intimation, by sending a letter sufficiently in advance, about the remittance of the said unclaimed/un-encashed dividend amounts into the IEPF so that they would be able to realize the same before remittance by the company. This is an information to the shareholders who have so far not encashed their respective dividend pertaining to the above mentioned years to write to the company and get their dividend, before its remittance into IEPF.

NON - MANDATORY REQUIREMENTS
a) Chairman of the Board

Dr.M.A.M. Ramaswamy is the Chairman of the Board. One employee of the Company is a Personal Assistant to the Chairman. There is no separate Chairman's office.

b) Tenure of Directors

No tenure for holding their respective Directorship has been fixed for the Independent Directors at the time of their appointment as Directors. The Tenure of Office of the Managing Director (Promoter – Director) is governed by the Schedule XIII of the Companies Act, 1956.

c) Remuneration Committee

The Company has formed a Remuneration Committee with three Non-executive Independent Directors as its members in compliance with the amendment to the Schedule XIII of the Companies Act, 1956.

The Remuneration Committee met on 28.04.2011 approved the payment of monthly remuneration of ₹ 4.00 Lakhs per month to the Managing Director for the Financial Year 2011-12, in compliance with the provisions of Schedule XIII of the Companies Act, 1956. An amount of ₹ 2000/- is paid to each member as sitting fees for attending the meetings.

d) Shareholders Rights

The Unaudited Quarterly Financial Results for the second quarter including the Half-yearly results are published in the Newspaper/s as required under Clause 41 of the Listing Agreement. The Half-yearly results are not sent to the Shareholders individually.

e) Audit Qualifications

The company is striving to move towards a regime of unqualified financial statements.

f) Training of Board Members

Since the Board members are eminent personalities in their own field fully aware of their responsibilities as Directors of the company, there is no requirement for training the members of the Board.

g) Mechanism for evaluating Board Members.

Since the Board members are eminent personalities in their own field fully aware of their responsibilities as Directors of the company, there is no requirement for their evaluation.

DECLARATION

As per the provisions of Clause 49 of the Listing Agreement, all the Directors and Senior Management officials of the company have affirmed their compliance with the Code of Conduct.

For Chettinad Cement Corporation Limited

Place : Chennai
Date : 29th May, 2012

M.A.M.R.Muthiah
Managing Director

**CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF
THE LISTING AGREEMENT BY THE AUDITORS OF THE COMPANY.**

CERTIFICATE

To :

The Members of
M/s.Chettinad Cement Corporation Ltd
Chennai - 600 006

We have examined the compliance of conditions of Corporate Governance by M/s. Chettinad Cement Corporation Ltd for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholders committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P.B. Vijayaraghavan & Co.
Chartered Accountants
Firm Regn.No.004721S
P.B. Srinivasan
Partner
(Membership No. 203774)

For V.Soundararajan & Co
Chartered Accountants
Firm Regn.No.003943S
V. S. Ravikumar
Partner
(Membership No. 018030)

For Krishna & Co.
Chartered Accountants
Firm Regn.No.001453S
V. Krishnan
Partner
(Membership No. 010970)

Place : Chennai
Date : 29.05.2012

AUDITORS' REPORT TO THE SHAREHOLDERS OF CHETTINAD CEMENT CORPORATION LTD

We have audited the attached Balance Sheet of Chettinad Cement Corporation Limited (the Company) as at 31st March 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003 (the Order) as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the annexure referred to 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 accounts as required by law have been kept by the company, so far as appears from examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors as on 31st March 2012 is disqualified from being appointed as a director in the company in terms Section 274 (1) (g) of the Companies Act, 1956 on the said date.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with schedules and
subject to Note no.38 regarding the liability, if any under the provisions of Jute packaging materials (Compulsory use in the Packing Commodities) Act, 1987 and other notes thereon 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 March 31, 2012.
 - (ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P.B.Vijayaraghavan & Co.,
Chartered Accountants
Firm Regn.No.004721S
P.B.Srinivasan
Partner
(Membership No. 203774)

For V.Soundararajan & Co.,
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(Membership No. 018030)

For Krishna & Co.,
Chartered Accountants
Firm Regn.No.001453S
V.Krishnan
Partner
(Membership No.010970)

Place : Chennai
Date : 29.05.2012

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- b) These Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) No substantial parts of fixed assets of the company have been disposed of during the year.
- ii. a) Inventories have been physically verified at reasonable intervals by the management.
- b) The procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventories and discrepancies on physical verification as compared to book records were not material and have been dealt properly in the books of account.
- iii. a) The Company has taken unsecured Inter-Corporate Deposits from Companies, register maintained by the Company under section 301 of the Companies Act, 1956, the maximum amount outstanding at any time during the year was ₹ 417 crores and the year end balance is ₹ 410 crores.

In our opinion, the rate of interest and other terms and conditions of the Deposit are not, prima facie, prejudicial to the interest of the Company.

The Company is regular in payment of interest and the repayment of the principal during the year ended 31st March 2012.

- b) The Company has not given any loans secured or unsecured to parties referred to Section 301 of the Companies Act, 1956.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been observed in the internal control system.
- v. According to the information furnished by the Company and the explanations provided to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act 1956, entered into by the Company except the Inter-Corporate Deposits referred in item (iii) above which has been entered into the register maintained under section 301 of the Companies Act, 1956.
- vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA and the rules framed there under with regard to the deposits accepted from the public.
- vii. In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the company relating to manufacture of cement pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Value Added Taxes, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India.

There are no arrears of outstanding statutory dues as on 31.3.2012 for a period of more than six months from the date they became payable.

At the end of the financial year there were no dues of Sales Tax, Value Added Taxes, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute except as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹ IN LAKHS)	FORUM WHERE DISPUTE IS PENDING
TNGST Act, 1959	Sales Tax and Penalty	1.27	Sales Tax Appellate Tribunal, Chennai.

- x. The company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- xi. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders during the year.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. According to the information given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loan taken by the company were applied for the purposes for which the loans were obtained.
- xvii. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for the long term investment during the year.
- xviii. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

For P.B.Vijayaraghavan & Co.,
Chartered Accountants
Firm Regn.No.004721S
P.B.Srinivasan
Partner
(Membership No. 203774)

For V.Soundararajan & Co.,
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(Membership No. 018030)

For Krishna & Co.,
Chartered Accountants
Firm Regn.No.001453S
V.Krishnan
Partner
(Membership No.010970)

Place : Chennai
Date : 29.05.2012

BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in lakhs)

Particulars	Note No.	31st March 2012	31st March 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	3820	3820
(b) Reserves and surplus	4	104221	88751
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	39166	50374
(b) Deferred tax liabilities (Net) Refer Note 27		1284	771
(c) Other Long term liabilities	6	2037	1651
(d) Long-term provisions	7	634	604
4 Current liabilities			
(a) Short-term borrowings	8	59762	28396
(b) Trade payables		16548	11517
(c) Other current liabilities	9	21754	18834
(d) Short-term provisions	10	5003	2862
TOTAL		254229	207580
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		174289	137280
(ii) Intangible assets		73	98
(iii) Capital work-in-progress		15306	16208
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	58	58
(c) Long-term loans and advances	13	1037	7790
(d) Other non-current assets		-	-
2 Current assets			
(a) Current Investments		-	-
(b) Inventories	14	37485	23162
(c) Trade receivables	15	17391	10657
(d) Cash and cash equivalents	16	194	2073
(e) Short-term loans and advances	17	8396	10254
(f) Other current assets		-	-
TOTAL		254229	207580

Summary of significant accounting policies

1 & 2

The accompanying notes are an integral part of financial statements.

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

Ramanathan Palaniappan
SP.ST.Palaniappan
Md.Nasimuddin

R. Krishnamoorthy
L.Muthukrishnan

S. Hariharan
Company Secretary

Directors

Subject to our Report of even date

For P.B.Vijayaraghavan & Co.,
Chartered Accountants
Firm Regn.No.004721S
P.B.Srinivasan
Partner
(Membership No. 203774)

For V.Soundararajan & Co.,
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(Membership No. 018030)

For Krishnan & Co.,
Chartered Accountants
Firm Regn.No.001453S
V.Krishnan
Partner
(Membership No. 010970)

Place : Chennai
Date : 29.05.2012

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in lakhs)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenue from operations	18	205990	154417
II. Other income	19	875	6037
III. Total Revenue		206865	160454
IV. Expenses:			
Cost of materials consumed	20	27071	20971
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	- 4070	600
Employee benefits expense	22	10306	8000
Finance costs	23	9249	6299
Depreciation and amortization expense (refer Note 11)		34681	36287
Other expenses	24	104508	78790
Total expenses		181745	150947
V. Profit before exceptional and extraordinary items and tax		25120	9507
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax		25120	9507
VIII. Extraordinary Items		-	-
IX. Profit before tax		25120	9507
X. Tax expense:			
(1) Current tax		6482	1950
Less: MAT credit entitlement		675	-
Net Current tax		5807	1950
(2) Deferred tax		513	40
XI Profit / (Loss) for the period from continuing operations		18800	7517
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax)		-	-
XV Profit / (Loss) for the period		18800	7517
XVI Earnings per equity share: Refer Note No.29			
(1) Basic		49.21	19.68
(2) Diluted		49.21	19.68

The accompanying notes are an integral part of financial statements.

M.A.M. Ramaswamy
ChairmanM.A.M.R. Muthiah
Managing DirectorRamanathan Palaniappan
SP.ST.Palaniappan
Md.NasimuddinR. Krishnamoorthy
L.MuthukrishnanS. Hariharan
Company Secretary**Directors**

Subject to our Report of even date

For P.B.Vijayaraghavan & Co.,
Chartered Accountants
Firm Regn.No.004721S
P.B.Srinivasan
Partner
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Firm Regn.No.003943S
V.S.Ravikumar
Partner
(Membership No. 018030)For Krishna & Co.,
Chartered Accountants
Firm Regn.No.001453S
V.Krishnan
Partner
(Membership No. 010970)Place : Chennai
Date : 29.05.2012

CASH FLOW STATEMENT

	For the year 2011 - 12 (₹ in lakhs)	For the year 2010 - 11 (₹ in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	25120	9507
Adjustments for:		
Depreciation	34681	36286
Interest	9249	6299
Provision for Doubtful Debts & Debts written off	1	(19)
Profit on sale of assets (Net)	0	(5442)
Operating Profit Before Working Capital Changes	69051	46631
Adjustments for:		
Trade and other Receivables	(6284)	3051
Inventories	(14323)	(753)
Trade and Other Payables	8265	7189
Cash Generated from operations	56709	56118
Interest paid	(9249)	(6299)
Income Tax Paid	(3920)	(2430)
Net Cash from Operating activities	43540	47389
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(63675)	(73157)
Investments	0	0
Sale of Fixed Assets	0	6817
Net Cash Used in Investing Activities	(63675)	(66340)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long term Borrowings	(11207)	13232
Short Term & Unsecured Loans	25000	7480
Increase in Working Capital Loan	6366	(6993)
Dividend paid	(1903)	(2)
Net Cash from Financing Activities	18256	13717
Net increase in Cash & Cash equivalents	(1879)	(5234)
Cash & Cash equivalents - Opening balance	2073	7307
Cash & Cash equivalents - Closing balance	194	2073

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

Ramanathan Palaniappan
SP.ST.Palaniappan
Md.Nasimuddin

R. Krishnamoorthy
L.Muthukrishnan

S. Hariharan
Company Secretary

Directors

For P.B.Vijayaraghavan & Co.,
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Partner
(Membership No. 018030)

For Krishna & Co.,
Chartered Accountants
Firm Regn.No.001453S
V.Krishnan
Partner
(Membership No. 010970)

Place : Chennai
Date : 29.05.2012

1. Basis of accounting, presentation and disclosure of financial statements

Financial statements have been prepared complying in all material respects with the Accounting standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. Financial statements have been prepared under the historical cost convention on an accrual basis. The accounting Policies have been consistently applied by the Company and are Consistent with those used in the Previous Year.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The previous year's figures have also been reclassified accordingly.

2. Summary of significant accounting Policies**a. Use of estimates**

Preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Fixed Assets

Fixed assets including capital work in progress are stated at cost net of CENVAT and Input Tax Credit. The borrowing cost directly attributable to the acquisition, construction or production of qualifying assets are capitalised. In respect of new projects the interest on loans and expenses (net) relating thereto are capitalised as part of cost till the assets are put to use.

Depreciation is provided on Fixed Assets as per the rates and procedures prescribed under Income Tax Act, 1961 on Written Down Value Method as follows

1. Goodwill	25%
2. Building	
a) Factory Building	10%
b) Residential Buildings	5%
3. Furniture & Fixtures	10%
4. Plant & Machinery	
a) General	15%
b) Pollution Control Equipments	100%
c) Computers	60%
5. Windmill	80%
6. Earth Moving Equipment & Vehicles	15%
7. Railway Sidings	15%

Government grants relating to specific fixed assets are shown as deduction from gross value of such assets.

Leasehold land is amortised over the period of lease.

Depreciation/ Depletion is provided on quarry freehold lands based on the proportion of quantity of Limestone extracted to the total mining reserves.

c. Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

d. Revenue recognition

Sales are inclusive of excise duty and net of rebate and Value Added Tax.

Excise duty payable is accounted on production of finished goods.

e. Retirement and other employee benefits

- i. Liability towards Gratuity is covered by a group gratuity scheme with Life Insurance Corporation of India and annual contribution is based on actuarial valuation.
- ii. Provident Fund contribution is made at the prescribed rates under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- iii. Leave encashment is accounted on the basis of actuarial valuation.
- iv. Expenditure in respect of voluntary retirement as per Company's Scheme is written off in the year in which they are incurred.

f. Inventories

Inventories are valued at lower of cost computed on weighted average method and net realisable value

g. Foreign exchange transactions

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary Foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules, 2006 on 31st March, 2009, which amended Accounting Standard 11 on The Effects of Change in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner :-

- i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to /deducted from the cost of the asset and depreciated over the balance life of the asset.
- ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Transaction Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31st March 2012.

All other exchange differences are dealt with in the profit and loss account.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

h. Income taxes

Current tax is the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of

reversal in one or more subsequent periods. Deferred tax assets will not be recognised on unabsorbed depreciation and carry forward losses unless there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

i. Liabilities of contingent nature have been disclosed separately.

j. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

k. Revenue expenditure including overheads on Research & Development is charged as an expense through the relevant heads of account in the year in which they are incurred. Research & Development expenditure which results in the creation of Capital assets is taken as Fixed Assets and Depreciation is provided over such assets.

	As at 31-3-2012 (₹ in lakhs)	As at 31-3-2011 (₹ in lakhs)
NOTE 3 :		
SHARE CAPITAL		
Authorised		
500000000 Shares of ₹ 10 each	50000	50000
Issued		
38295748 Equity Shares of ₹10 each	3830	3830
Subscribed & Paid up		
38198998 Equity Shares of ₹10 each fully paid	3820	3820
Total	<u>3820</u>	<u>3820</u>

NOTE 3A :

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares as at 31st March 2012		Equity Shares as at 31st March 2011	
	Number	Amount (₹ in lakhs)	Number	Amount (₹ in lakhs)
Shares outstanding at the beginning of the year	38198998	3820	38198998	3820
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>38198998</u>	<u>3820</u>	<u>38198998</u>	<u>3820</u>

NOTE_{3B}

The Company has not issued any shares with differential rights

NOTE_{3C}

The company is not a subsidiary Company, hence disclosure of share holding by Holding Company is not applicable

NOTE_{3D}
Details of shareholders holding more than 5% shares in the Company

SL. No.	Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M.A.M.Ramaswamy	9183834	24%	9183834	24%
2	Geetha Muthiah	6953690	18%	6953690	18%
3	M.A.M.R.Muthiah	5586709	15%	5586709	15%
4	Chettinad Logistics Private Limited	3695652	10%	3695652	10%
5	Chettinad Software Services Private Limited	2616535	7%	2616535	7%

NOTE_{3E}

The company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment

NOTE 4

		(₹ in lakhs)
Reserves & Surplus	As at 31st March 2012	As at 31st March 2011
a. Capital Reserves		
Opening Balance	40414	39505
(+) Current Year Transfer	-	909
(-) Written Back in Current Year	-	-
Closing Balance	40414	40414
b. Securities Premium Account		
Opening Balance	4973	4973
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Closing Balance	4973	4973
c. Other Reserves- General Reserve		
Opening Balance	7500	6650
(+) Current Year Transfer	2000	850
Closing Balance	9500	7500
d. Surplus		
Opening balance	35864	31424
(+) Net Profit/(Net Loss) For the current year	18800	7517
(-) Proposed Dividend & Dividend Tax	3330	2227
(-) Transfer to Reserves	2000	850
Closing Balance	49334	35864
Total	104221	88751

NOTE 5
Long Term Borrowings
As at 31st March 2012
(₹ in lakhs)
As at 31st March 2011
Secured
Term loans

- from banks

15931

27139

(The Term loans availed from Central Bank of India, Canara Bank and Indian Bank are secured by pari passu first charge basis on all movable and immovable properties of the Company situated at Cement Plant (Line 1) at Keelapalavur Village, Ariyalur District and Captive Power Plant thereat.

The Term Loans availed from the Central Bank of India and Canara Bank are also collaterally secured by a charge on the remaining block assets of the company. The Term Loan availed from Indian Bank is collaterally secured by paripassu second charge on current assets of the Company.)

-from SIPCOT

1757

1757

(The soft loan availed from SIPCOT is secured by pari passu first charge on movable properties and movable fixed assets at the Cement plants of the company situated at Keelapalavur Village, Ariyalur District and Cement Grinding Unit at Puliur Village, Karur District.

Terms of Repayment: The term loans availed from Central Bank Of India and Canara Bank are repayable in 60 Equated Monthly Instalments Commencing from April 2010. The term loan availed from Indian Bank is repayable in 56 Equated Monthly Instalments commencing from August, 2010. The term loan availed from SIPCOT is repayable in one instalment after a period of 10 years from the year of availment.

17688

28896

Unsecured
Term loans

from SIPCOT

21478

21478

Terms of Repayment: The loan is repayable after 12 years from the date of availment.

21478

21478

Total
39166

50374

NOTE 6
Other Long Term Liabilities

Security deposit

2037

1651

Total
2037

1651

NOTE 7

Long Term Provisions

Provision for employee benefits

	As at 31st March 2012	(₹ in lakhs) As at 31st March 2011
Leave Encashment	634	604
Total	634	604

NOTE 8

Short Term Borrowings

Secured

Loans repayable on demand

from bank	7262	896
(The Working Capital facility with Central Bank of India is secured by hypothecation of Raw Materials, Stores, Spares, Packing Materials, Fuel, Process Stock, Finished Goods and Book Debts of the Company and further secured by a second charge on all the immovable properties of the Company.)		

Unsecured

Inter-Corporate Deposit from related parties

	52500	27500
Total	59762	28396

NOTE 9

Other Current Liabilities

(a) Current maturities of long-term debt	10836	10836
(b) Unpaid dividend	106	98
(c) Creditors for capital Goods	1340	1705
(d) Other payables - Customer Credit balances	5157	3317
- Others	4315	2878
Total	21754	18834

NOTE 10

Short Term Provisions

(a) Provision for employee benefits		
Salary & Reimbursements	101	204
Contribution to Provident Fund	44	49
Gratuity	222	209
(b) Others - Provision for Taxation (Net of Advance Tax)	1133	-
Provision for Fringe Benefit Tax	173	173
Provision for Proposed Dividend	2865	1910
Provision for Tax on Proposed Dividend	465	317
Total	5003	2862

(₹ in lakhs)

NOTE 11

	GROSS BLOCK			ACCUMULATED DEPRECIATION/DEPLETION			NET BLOCK	
	As at March 2011	Additions	Deductions	As at 31st March 2012	For the year	On deductions	As at 31st March 2012	As at 31st March 2011
FIXED ASSETS								
a. Tangible Assets								
Freehold land	12309	601	-	12910	203	-	12095	11697
Leasehold land	4	-	-	4	-	-	4	4
Buildings	20062	3990	-	24052	1194	-	16275	13479
Plant and Equipment	242926	65415	-	308341	32352	-	141966	108903
Furniture and Fixtures	607	45	-	652	24	-	347	326
Earth Moving Equipment & Vehicles	3943	131	-	4074	188	-	1094	1151
Railway Sidings	3341	1483	-	4824	695	-	2508	1720
Total	283192	71665	-	354857	34656	-	174289	137280
b. Intangible Assets								
Goodwill	467	-	-	467	25	-	73	98
Total	467	-	-	467	25	-	73	98
Total	283659	71665	-	355324	34681	-	174362	137378
Previous Year	231569	59376	7286	283659	36313	6821		

i) Additions includes expenses during Construction Period of ₹ 2739 Lakhs (₹ 760 Lakhs)

ii) Depreciation for the year 2010-11 includes ₹ 26 Lakhs being the amount to be capitalised.

Note 12 (₹ in lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
A Other Investments (Refer A below)		
(a) Investment in Equity instruments	58	58
Less : Provision for diminution in the value of Investments	0	0
Total	58	58

Particulars	As at 31st March 2012	As at 31st March 2011
Aggregate amount of unquoted investments	58	58

Note 12 A

(₹ in lakhs)

A. Details of Other Investments

S No.	Name of the Body/Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost	If Answer to Column (9) is 'No' - Basis of Valuation
			As at 31st March 2012 (4)	As at 31st March 2011 (5)			As at 31st March 2012 (8)	As at 31st March 2011 (9)	As at 31st March 2012 (10)	As at 31st March 2011 (11)		
(1)	(2)	(3)			(6)	(7)		(9)			(12)	(13)
(a)	Investment in Equity Instruments Haaciendaa Infotech & Realtors Private Limited	Associate		100000	Unquoted	Fully Paid			58	58	Yes	NA
	Total								58	58		

NOTE 13

	As at 31st March 2012 (₹ in lakhs)	As at 31st March 2011 (₹ in lakhs)
Long Term Loans and Advances		
a. Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	57	7146
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	<u>57</u>	<u>7146</u>
b. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	980	644
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	<u>980</u>	<u>644</u>
Total	<u><u>1037</u></u>	<u><u>7790</u></u>

NOTE 14
Inventories

a. Raw Materials and components	15739		9289	
Goods-in transit	<u>57</u>	15796	<u>6</u>	9295
b. Work-in-progress	4971		2496	
Goods-in transit	<u>-</u>	4971	<u>-</u>	2496
c. Finished goods	3969		2374	
Goods-in transit	<u>-</u>	3969	<u>-</u>	2374
d. Stores and spares	12749		8997	
Goods-in transit	<u>-</u>	12749	<u>-</u>	8997

Inventories are Valued at cost computed on Weighted Average Method

Grand Total	<u><u>37485</u></u>	<u><u>23162</u></u>
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NOTE 15

	As at 31st March 2012 (₹ in lakhs)	As at 31st March 2011 (₹ in lakhs)
Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	16361	9976
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>16361</u>	<u>9976</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	1030	681
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>1030</u>	<u>681</u>
Total	<u><u>17391</u></u>	<u><u>10657</u></u>

NOTE 16

Cash and cash equivalents

a. Balances with banks		
(i) On Current Accounts	62	1950
(ii) Earmarked Balances - unpaid dividend accounts	106	98
b. Cash on hand	26	25
Total	<u><u>194</u></u>	<u><u>2073</u></u>

	As at 31st March 2012 (₹ in lakhs)	As at 31st March 2011 (₹ in lakhs)
Short-term loans and advances		
a. Advances recoverable in cash or in kind		
Secured, considered good	-	-
Unsecured, considered good	8396	9183
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<u>8396</u>	<u>9183</u>
b. Others - Advance Tax & Tax deducted at Source (net of Provision)		
Secured, considered good	-	-
Unsecured, considered good	-	1071
Doubtful	-	-
	<u>-</u>	<u>1071</u>
Total	<u><u>8396</u></u>	<u><u>10254</u></u>
Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	7448	2175
(b) Guarantees & Letters of Credit	2877	2163
	<u>10325</u>	<u>4338</u>
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	13740	23354
	<u>13740</u>	<u>23354</u>
	<u><u>24065</u></u>	<u><u>27692</u></u>
Dividend		
Amount of Proposed Dividend (₹ In Lakhs)	2865	1910
Proposed dividend per share (₹)	7.50	5.00

	For the year ended 31.03.12 (₹ in lakhs)	For the year ended 31.03.11 (₹ in lakhs)
NOTE 18		
Revenue from Operations		
Sale of products	229817	171940
Self Consumption	113	91
Other operating revenue- Power	4800	4116
Less: Excise duty	28740	21730
Total	205990	154417

NOTE 19		
Other Income		
Interest Income	6	8
Other non-operating income	869	6029
Total	875	6037

NOTE 20		
RAW MATERIALS CONSUMED		
Opening Stock	2948	3163
Add: Purchases	16328	11146
Own Quarrying	13760	9610
	33036	23919
Less: Closing Stock	5965	2948
Total	27071	20971

Own Quarrying Includes

- i) Salaries & wages, PF and Esi ₹ 627 Lakhs (₹ 438 Lakhs)
- ii) Power ₹ 427 lakhs (₹ 148 Lakhs)
- iii) Stores and Spares ₹ 2125 lakhs (₹ 1069 Lakhs)

Details of Raw materials consumed

Limestone	13727	10900
Gypsum	3485	2971
Fly ash	5617	4232
Others	4242	2868

For the year ended
31.03.12
(₹ in lakhs)

For the year ended
31.03.11
(₹ in lakhs)

NOTE 21

INCREASE / DECREASE IN STOCKS

a. CEMENT STOCK:

Stock at the close of the year	3969	2374
Less: Stock at the beginning of the year	2374	1704
	-1595	-670

b. PROCESS STOCK:

Stock at the close of the year	4971	2496
Less: Stock at the beginning of the year	2496	3766
	-2475	1270
	-4070	600

NOTE 22

Employee Benefits Expense

(a) Salaries and wages	8843	6569
(b) Contributions to -		
(i) Provident fund	539	433
(ii) Gratuity fund	221	196
(c) Staff welfare expenses	703	802
Total	10306	8000

Remuneration paid to the managing director is ₹ 1322 lakhs (₹ 501 lakhs)

NOTE 23

Finance costs

Interest expense	9241	6207
Bank Charges	8	92
Total	9249	6299

For the year ended	For the year ended
31.03.12	31.03.11
(₹ in lakhs)	(₹ in lakhs)

NOTE 24

Other expenses

1	Power & Fuel	56468	42682
2	Consumption of Stores & Spares	8647	5914
3	Packing Charges	7554	6095
4	Loading & Transport Charges	22665	14737
5	Repairs to building	408	468
6	Repairs to machinery	1917	1947
7	Rent	62	42
8	Insurance	373	254
9	Rates & taxes	195	171
10	Advertisement & Sales Promotion	1427	2461
11	Travelling Expenses	677	605
12	Telephone	97	113
13	Donation	100	51
14	Miscellaneous Expenses	3918	3250
Total		104508	78790

Audit fees

Payments to the auditors as

1	Auditor	7	6
2	For other services	3	3
3	For reimbursement of expenses	1	1

25. Disclosure on Micro and Small Enterprises

There are no Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of Principal amount together with Interest. The above information has been determined to the extent such parties have been identified on the basis of information available with the company and the same has been relied by the Auditors.

26. Buildings include ownership Flat at Mumbai and value of shares in Bombay Middle Class Cooperative Housing Society Ltd., which are in the process of being transferred to the name of the Company.

For the year ended
31.03.12
(₹ in lakhs)

For the year ended
31.03.11
(₹ in lakhs)

27. DEFERRED TAX DETAILS

Deferred Tax liability on account of

Depreciation	1303	676
Revenue	187	300
TOTAL	1490	976

Deferred tax asset on account of:

Expenses allowable on payment for tax purpose		
Leave encashment provision	206	205
NET	1284	771

28. Power & Fuel is net of Captive Power Plant Income of ₹ 25892 lakhs (₹ 20660 Lakhs)

29. Earnings per share

	2011-12	2010-11
Profit as per Profit and loss statement	18800	7517
Number of equity shares (in lakhs)	382	382
Basic and diluted earnings per share (in ₹)	49.21	19.68
Face value of ₹ 10 Per share		

30. The CENVAT credit disallowance on some of the inputs, capital goods, service tax on goods transports and levy of differential excise duty, amounts to ₹ 6605 Lakhs as on 31.3.2012 (₹ 3069 Lakhs) and remain unpaid against which the company has preferred appeals. Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, no provision is considered necessary.

31. Disclosure as required by Accounting Standard 19, "Leases" prescribed by the Companies (Accounting Standard) Rules, 2006 are given below:

a. Where the Company is a lessee

- The Company has taken various residential, office, and godown premises under operating lease or leave & licence agreements. These are generally not non-cancellable and the period of lease is 11 months and longer and are renewable by mutual consent on mutually agreeable terms.
- Lease payments are recognised in the statement of Profit and Loss Account under "Rent"

b. Where the Company is a lessor

Details in respect of assets given on operating lease.

Particulars	Gross Block as at 31.03.2012 (₹ in Lakhs)	Accumulated Depreciation As at 31.03.2012 (₹ in Lakhs)	Depreciation (Corresponding to the period of lease rentals) (₹ in Lakhs)
Freehold Building	130	21	0.01

These assets are in respect of premises given on lease for an initial period with option to renew the lease as per terms in the agreements.

Initial direct costs are recognised as expenses in the year in which it is incurred.

32. Confirmation of balances have been sought and obtained from Parties covering substantial amount of outstanding and wherever applicable necessary adjustments have been made in these financial statements. In respect of other Parties, the balances as appearing in the books of account have been adopted.
33. There is no impairment of assets as per Accounting Standard 28.
34. The Company has been granted eligibility certificate whereby the company is entitled to the benefit of Interest free sales tax deferral scheme for manufacturing cement for 12 years ending March, 2013 for deferral of sales tax not exceeding ₹ 21477.84 Lakhs . The company has availed the entire benefit as on 31.03.2010. Such sales tax deferral has to be repaid in stipulated instalments commencing from Financial Year 2014-15.
35. The company has availed Soft Loan Financial Assistance of ₹ 1757 lakhs from State Industrial Promotion Corporation of Tamilnadu Limited (SIPCOT) under the Structured Incentive Package for its Ariyalur Cement Project, sanctioned by the Government of Tamilnadu under The New Industrial Policy, 2007.
36. Depletion in the freehold Quarry land to the value of ₹ 203 Lakhs (₹151.81 lakhs) has been accounted.
37. Sundry Creditors includes ₹ 1274 Lakhs (₹ 452 Lakhs) due to Managing Director being the balance remuneration for the year 2011-12.
38. The Company did not use jute bags in packing cement as per Jute Packaging Materials (Compulsory use in the Packing Commodities) Act 1987 in view of the Consumer's preference and resistance from workers who are handling the packing materials. The Supreme Court upheld the validity of the said Act. The Government did not include cement for compulsory packaging in Jute Bags from 1st July 1997. The Liability that may arise for non compliance of the said Act for the earlier period is not ascertainable.
39. Capital Work in Progress includes ₹ 15306 lakhs (₹ 23354 lakhs) towards amount spent for the Projects as detailed below :-

	As at 31.03.12	As at 31.03.11
Work in Progress	15212	21924
Pre-operative Expenses (Net)	94	1430
Total	15306	23354

40. Research and development expenditure for the year is ₹ 55 Lakhs (₹ 55 Lakhs) including Depreciation of ₹ 0.30 Lakhs (₹ 0.34 Lakhs)
41. Current tax Includes short provision for earlier years of ₹ 1821 lakhs (₹ Nil)

	For the year ended 31.03.12 (₹ in lakhs)	For the year ended 31.03.11 (₹ in lakhs)
42. Value of Imports on CIF Basis		
(a) Raw Materials	2577	928
(b) Spares & Components	689	714
(c) Capital Goods	8269	175
43. Earnings In Foreign Exchange		
Export (FOB)		
Cement - Value	196	242
44. Expenditure In Foreign Currency		
Travelling & Other Expenses	2	1
45. Details of Imported and indigenous materials consumed during the year		
Raw materials		
Imported	3011	474
Indigenous	24060	20497
Total	27071	20971
Percentage to Total Consumption		
Raw materials		
Imported	11.12	2.26
Indigenous	88.88	97.74
Total	100.00	100.00
Spare Parts and Consumption		
Imported	1209	670
Indigenous	7391	5244
Total	8600	5914
Percentage to Total Consumption		
Spare Parts and Consumption		
Imported	14.06	11.33
Indigenous	85.94	88.67
Total	100.00	100.00

- 46.** The Company identifies business segment as the primary segment as per AS-17 and under the primary segment, there are two reportable segment viz cement and power generation. These were identified considering the nature of the products, differing risk and returns.

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

	CEMENT		POWER		(₹ in lakhs)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE						
External sales	230805	178068	4800	4116	235605	182184
Inter segment sale	0	0	25892	20660	0	0
Total Sales	230805	178068	30692	24776	235605	182184
Other Income					0	0
Total Revenue					235605	182184
RESULT						
Segment result	29649	12733	4714	3066	34363	15799
Unallocated income						0
Unallocated Expenses						0
Operating Profit					34363	15799
Interest expense					9249	6299
Interest Income					6	6
Income Tax						
- Current					5807	1950
- Deferred					513	40
Profit from ordinary activities					18800	7517
Extraordinary expenses					0	0
Net Profit					18800	7517
OTHER INFORMATION						
Segment Assets	198495	163320	55734	44260	254229	207580
Unallocated Assets	0	0	0	0	0	0
Total Assets	198495	163320	55734	44260	254229	207580
Segment liabilities	119503	119372	23355	16680	142858	136052
Unallocated liabilities	0	0	0	0	0	0
Total liabilities	119503	119372	23355	16680	142858	136052
Capital Expenditure	71665	51505	0	7871	71665	59376
Unallocated capital Expenditure	0	0	0	0	0	0
Depreciation	30858	31425	3823	4888	34681	36313
Unallocated Depreciation	0	0	0	0	0	0
Non-Cash expenses other than depreciation	0	0	0	0	0	0

47. Related Party Disclosures
Description

Description	Year ended 31.03.2012		(₹ in lakhs)	
	Associates	Key mgnt Personnel	Year ended 31.03.2011 Associates	Key mgnt Personnel
Purchase of Goods	36917		1477	
Sale of Goods	1193		889	
Services availed	19625		14673	
Deposits Accepted (ICD)	61550		23280	
Deposits Repaid (ICD)	36550		15800	
Interest on Deposits	4309		2087	
Investments	0		0	
Dividend	316	738	0	0
Details of Transaction with Associates/Key Managerial Personnel the amount of which is in excess of 10% of the Total Related Party Transactions of similar nature.				
Purchase of Goods				
South India Corporation Ltd	0		1465	
Chettinad Logistics P Ltd	36902		0	
Sale of Goods				
Chettinad Builders P.Ltd	879		531	
Chettinad Power Corporation P. Ltd	214		0	
Chettinad International Coal Terminal (P) Ltd.	100		358	
Services				
Chettinad Builders P.Ltd	7542		5974	
Chettinad Logistics P.Ltd	7576		1686	
South India Corpn.Ltd	0		3905	
Chettinad Earthmovers P.Ltd	3779		2343	
Chettinad Structurals & Engineering Ltd	700		0	
Deposit Accepted				
Chettinad Lignite Transport services P. Ltd.	0		4705	
Chettinad Hospitals P.Ltd	0		5100	
Chettinad Logistics P.Ltd	26200		0	
South India Corporation Ltd	11050		9500	
Chettinad Holdings Private limited	20100		0	
Deposit Repaid				
Chettinad Logistics Private Limited	25000		5200	
Chettinad Hospitals P.Ltd	0		5100	
Chettinad Lignite Transport services P. Ltd.	0		3100	
South India Corporation Ltd	9850		0	
Interest				
Chettinad Logistics P.Ltd	1276		0	
Chettinad Lignite Transport services P. Ltd.	1862		1546	
Chettinad Hospitals P.Ltd	0		236	
South India Corporation Ltd	985		0	
Dividend				
Dr.M.A.M.Ramaswamy		459		0
Sri M.A.M.R.Muthiah		279		0
Chettinad Logistics P.Ltd	185		0	
Chettinad Software Services P.Ltd	131		0	
Remuneration				
Sri M.A.M.R.Muthiah		1322		501

A) Names of related parties and description of relationship and closing balance.**i) Name of Associates**

1	South India Corporation Ltd	25	Chennai Organic Chemicals and Fertilizers (P) Ltd
2	South India Corporation (T) Private Ltd	26	Chettinad Morimura Semi Conductor Material (P) Ltd
3	Chettinad Corporation (P) Ltd	27	Chettinad Engineering and Allied Services (P) Ltd
4	Chettinad Plantations (P) Ltd	28	Chettinad Apparels (P) Ltd
5	Chettinad Structural & Engineering Ltd	29	Chettinad Packers and Movers (P) Ltd
6	Chettinad Logistics (P) Ltd	30	Chettinad Power Corporation (P) Ltd
7	Chettinad Lignite Transport Services (P) Ltd	31	Chettinad TV Network (P) Ltd
8	Chettinad Financial Management Services (P) Ltd	32	Chettinad Radio Network (P) Ltd
9	Chettinad Software Services (P) Ltd	33	Chettinad Electric Company (P) Ltd
10	Chettinad Builders (P) Ltd	34	Durandel Foods (P) Ltd
11	Chettinad Realtors (P) Ltd	35	Chettinad Container Terminal (P) Ltd
12	Chettinad Hospitals (P) Ltd	36	Chettinad Energy Resource (P) Ltd
13	Chettinad Pharmaceuticals (P) Ltd	37	Chettinad Enterprises (P) Ltd
14	Chettinad Electronics (P) Ltd	38	Chettinad Dairy & Poultry Farms (P) Ltd
15	Chettinad e-Publishing (P) Ltd	39	Chettinad Coal Washeries (P) Ltd
16	Chettinad Trucks & Equipments (P) Ltd	40	Chettinad Hitech Semi Conductor Materials (P) Ltd
17	Chettinad Earth Movers (P) Ltd	41	Chettinad Developers (P) Ltd
18	Haaciendaa Infotech and Realtors (P) Ltd	42	Chettinad Security Services (P) Ltd
19	Chettinad International Coal Terminal (P) Ltd	43	Chettinad Properties (P) Ltd
20	Chettinad Clearing & Forwarding (P) Ltd	44	Chettinad Refineries (P) Ltd
21	Chettinad Land & Building Development (P) Ltd	45	Chettinad Oil & Gas Enterprises (P) Ltd
22	Chettinad Projects Development (P) Ltd	46	Chettinad Natural Resources (P) Ltd
23	Chennai Computer and Software Services (P) Ltd	47	Chettinad Oil Corporation (P) Ltd
24	Chettinad Inland Water Transport Services (P) Ltd	48	Belaire Apartments (P) Ltd

ii) Closing Balance Cr. ₹ 57214 Lakhs (Cr. ₹ 28204 Lakhs)

iii) The related party relationship is as identified by the Company and relied upon by the Auditors.

B) Key Management Personnel : Dr. M.A.M. Ramaswamy & Sri M.A.M.R. Muthiah

Sitting fees of ₹ 0.06 lakhs (₹ 0.06 lakhs) paid to Dr. M.A.M. Ramaswamy, Chairman. Remuneration and sitting fees of ₹ 1322.56 Lakhs (₹ 500.96 Lakhs) paid to Sri M.A.M.R. Muthiah, Managing Director.

48. Employee Benefits : Details as per As 15

The company has calculated the various employee benefits provided to employees as under:

A) Employee Plan**Provident Fund**

The company's contribution to Provident Fund is vested with the Employees Provident Fund Scheme of the Government of India.

B) In respect of Gratuity and Leave Encashment
(₹ in lakhs)

	2011-12		2010-11	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitments	1708	-634	-1468	-604
Fair value of Plan Assets	1486	0	1262	0
Net liability in the Balance Sheet	-222	-634	-206	-604
Movement in net liability recognized in the Balance Sheet				
Net liability as at beginning of the year	-206	-604	-307	-414
Net expense recognised in the Profit and Loss account	223	-45	-196	-263
Contribution during the year	207	15	297	73
Net liability as at end of the year	-222	-634	-206	-604
Expense recognised in the Profit and Loss account				
Current service cost	101	30	96	203
Interest cost	118	48	108	30
Expected return on plan assets	-118	0	-93	0
Actuarial (gains)/losses	122	-33	85	30
Expense charged to the Profit and Loss Account	223	45	196	263
Return on plan assets				
Expected return on plan assets	118		93	
Actuarial (gains)/losses	0		0	
Actual return on plan assets	118		93	
Reconciliation of defined-benefit commitments				
Commitments as at beginning of the year	-206	-604	-307	-414
Current service cost	-101	-48	-96	-203
Interest cost	-118	-30	-108	-30
Paid benefits	207	15	297	73
Actuarial (gains)/losses	-122	33	-85	-30
Expected return on Plan	118		93	
Commitments as at end of the year	-222	-634	-206	-604
Reconciliation of plan assets				
Plan assets at beginning of the year	1262		1045	
Expected return on plan assets	118		93	
Contributions during the year	207		297	
Paid benefits	-101		-173	
Actuarial gains/(losses)	0		0	
Plan assets as at end of the year	1486		1262	
Principle Assumption				
Discount Rate	8%	8%	8%	8%
Expected return on Plan Assets				
Expected rate of salary Increase	5%	4%	5%	4%
Mortality		LIC (1994-96) Ultimate		LIC (1994-96) Ultimate

M.A.M. Ramaswamy
Chairman
M.A.M.R. Muthiah
Managing Director
Ramanathan Palaniappan
SP.ST.Palaniappan
Md.Nasimuddin
R. Krishnamoorthy
L.Muthukrishnan
S. Hariharan
Company Secretary
Directors
Subject to our Report of even date

 For P.B.Vijayaraghavan & Co.,
 Chartered Accountants
 Firm Regn.No.004721S
 P.B.Srinivasan
 Partner
 (Membership No. 203774)

 For V.Soundararajan & Co.,
 Chartered Accountants
 Firm Regn.No.003943S
 V.S.Ravikumar
 Partner
 (Membership No. 018030)

 For Krishnan & Co.,
 Chartered Accountants
 Firm Regn.No.001453S
 V.Krishnan
 Partner
 (Membership No. 010970)

 Place : Chennai
 Date : 29.05.2012



CHETTINAD CEMENT CORPORATION LIMITED

Regd. Office : "Rani Seethai Hall Building", 603, Anna Salai, Chennai - 600 006.
Tel : 42149955, 28292727 Fax : 28291558. P.B. No. : 748
Email ID : shares@chettinadcement.com

ATTENDANCE SLIP

PLEASE SIGN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I
hereby record my presence, at the 49th Annual General Meeting.

Date : 25th September 2012 (Tuesday)

Time : 10.00 a.m.

Venue : "Rani Seethai Hall", No. 603, Anna Salai, Chennai - 600 006.

.....
Signature of the Shareholder

.....
Signature of the Proxy

To be filled in by the Shareholder :-

Folio No. / Client ID :

No. of Shares :



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Email ID : shares@chettinadcement.com

FORM OF PROXY

I/We

of in the district of being a Member / Members of

the above named Company, hereby appoint of

or failing him of

as my/our Proxy to attend and vote for me/us on my / our behalf at the 49th Annual General Meeting of the Company to be held on Tuesday, the 25th September 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this the day of 2012.

Folio No. / Client ID :

No. of Shares :

For Office Use :	
Proxy No.	Date of Receipt

Signature

Affix
₹ 1/-
Revenue
Stamp

NOTE :

- Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- A Proxy need not be a member.
- A ₹ 1/- Revenue Stamp should be affixed to this and it should then be signed by the member.
- The Form thus completed should be deposited at the Registered Office of the Company at "Rani Seethai Hall Building", 603, Anna Salai, Chennai - 600 006, not less than forty eight hours before the meeting.

List of Awards Received

Awards	Year
1. NATIONAL SAFETY AWARD (For outstanding performance in Industrial Safety in achieving Lowest frequency rate in Industry). Runners up. Highest % reduction in frequency rate.	1976 1977
2. MERIT AWARDS from Regional Directorate of Workers Education	1982 1985
3. TAMILNADU FILM ARTS ASSOCIATION, Chennai. Shield	1978
4. a). NATIONAL PRODUCTIVITY AWARD (Best Productivity Performance in Cement Industry Issued by NPC) Second Best Best Best Second Best Second Best b). BEST PRODUCTIVITY AWARD (Issued by Govt. of Tamilnadu)	1985-86 1986-87 1995-96 1996-97 1998-99 1994-95 1995-96
5. NATIONAL SAFETY AWARD (Mines - For Lowest injury frequency rate Metal Mines Mechanised Open cast). Longest Accident Free Period. Highest % reduction in frequency rate. Best Performance of the year.	1986 1986 1987 1989
6. CONSERVATIONIST OF THE YEAR (For outstanding progress in the field of conservation of Energy, Metal Components & Machinery)	1987
7. NCBM NATIONAL AWARDS (Improvement in Energy Performances) Second Best Best Best (Manufacture of Blended Cement) Best (Manufacture of Blended Cement) Best (Manufacture of Blended Cement)	1994-95 1995-96 1998-99 1999-2000 2000-01
8. TNEB ENERGY CONSERVATION AWARD (One Among the 15 Energy Efficient H.T. Industries of 2000 KVA)	1998-99
9. NCBM NATIONAL AWARDS (Improvement in Electrical Energy Performance) Second Best	1998-99
10. NCBM NATIONAL AWARDS Awarding for Energy Efficiency - 1st Prize Best Improvement in Thermal Energy Performance	2000-01
11. MINISRTY OF ENERGY National Energy Conservation Award National Energy Conservation Award for the Cement Sector	2000-01 2002
12. TAMILNADU GOVERNMENT AWARDS State Safety awards 1st & 3rd Prize	1998
13. NATIONAL AWARD FROM NCCBM Best Environmental Excellence in Cement Industry	2004-05
14. AWARDED THREE LEAVES by the Centre for Science and Environment in Green Rating Project	2004-05
15. TAMILNADU GOVERNMENT AWARDS State Safety Awards 1st Prize	2005
16. TAMILNADU GOVERNMENT AWARDS State Safety Awards 1st Prize	2007
17. NATIONAL AWARD FROM NCCBM Best Environmental Excellence in Cement Industry	2007-08
18. NATIONAL AWARD FROM NCCBM Best Improvement in Thermal Energy Performance	2007-08



CHETTINAD CEMENT CORPORATION LIMITED

Registered Office :

"Rani Seethai Hall Building", 603, Anna Salai, Chennai - 600 006, India.

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