

Ramco Industries Limited

ANNUAL REPORT 2010 - 2011



On February 12, 2011, our Chairman, Shri P.R. Ramasubrahmaneya Rajha was awarded the title “Pride of South Tamil Nadu - 2010” by Honourable Union Minister for Home Affairs, Shri P. Chidambaram, under the aegis of Velammal Educational Trust, Madurai.



Our Vice-Chairman & Managing Director Shri P.R. Venketrama Raja addressing the gathering on the inauguration of the new Fibre Cement Sheet Project at Mathugama, Sri Lanka.



Board of Directors

Shri P.R. Ramasubrahmaneya Rajha, B.Sc.
Chairman
Shri P.R. Venketrama Raja, B.Tech., MBA
Vice-Chairman & Managing Director
Shri S.S. Ramachandra Raja, B.Sc.
Shri K.T. Ramachandran, B.E.
Shri N.K. Shrikantan Raja, B.Com.
Dr. A. Ramakrishna, B.E., M.Sc.
Shri R. S. Agarwal, B.Sc., B.E.

Registered Office

47, P.S.K. Nagar
RAJAPALAYAM – 626 108
Tamil Nadu

Corporate Office

“Auras Corporate Centre”, VI Floor
98-A, Dr. Radhakrishnan Road
Mylapore, CHENNAI – 600 004
Tamil Nadu

Website : www.ramcoindltd.com
www.ramcohilux.com

Factories

I. Building Products Division

Arakkonam, Tamil Nadu
Bihiya, Bihar
Gangaikondan, Tamil Nadu
Karur, Karnataka
Kharagpur, West Bengal
Maksi, Madhya Pradesh
Sinugra, Gujarat
Silvassa, Union Territory of Dadra & Nagar Haveli
Vijayawada, Andhra Pradesh

II. Textile Division (Cotton Yarn)

Sri Ramco Spinners, **Rajapalayam**, Tamil Nadu

Subsidiary Companies

Sudharsanam Investments Limited, India
Sri Ramco Lanka (Private) Limited, Sri Lanka
Sri Ramco Roofings Lanka Private Limited, Sri Lanka

Bankers

Canara Bank
HDFC Bank Limited
DBS Bank Limited
IDBI Bank Limited
Indian Bank
Kotak Mahindra Bank Limited
State Bank of India
State Bank of Mauritius Limited
Tamilnad Mercantile Bank Limited
The Karur Vysya Bank Limited

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami
Chartered Accountants
Unit - 5, Ground Floor, Abirami Apartments,
No.14, V.O.C. Road, Cantonment,
TIRUCHIRAPALLI – 620 001, Tamil Nadu

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

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Rs. in lakhs

FINANCIAL HIGHLIGHTS	2006-07	2007-08	2008-09	#2009-10	2010-11
Earnings					
Sales & Other Income	38011	40268	47069	54297	57788
Operating Profit	7702	8461	10227	11876	11862
Cash Generation	6108	6512	7701	9754	9859
Net Profit (PAT)	2432	2548	3565	5359	5321
Assets Employed					
Net Fixed Assets	20109	24946	23513	24335	25577
Investments	19283	19283	20262	20262	20262
Net Current Assets	8463	9984	12832	15711	17776
TOTAL	47855	54213	56607	60308	63615
Financed By:					
A. Shareholders' Funds					
Equity Shareholders' original investment	100	100	100	100	100
Bonus Shares	333	333	333	767	767
Reserves and Surplus	22069	24161	27315	32037	36505
Deferred Tax Liability	2802	3214	2939	2638	2408
Total Shareholders' Funds (A)	25304	27808	30687	35542	39780
B. Borrowed Funds					
Short Term Borrowings including working capital	11517	8336	9776	11854	7429
Term Loans	11034	18069	16144	12912	16406
Total Borrowings (B)	22551	26405	25920	24766	23835
TOTAL (A) + (B)	47855	54213	56607	60308	63615
Book Value per Share (Rs.)	519	568	640	37.97	43.12
Earnings Per Share (Rs.)	56	59	82	6.18	6.14
Dividend %	150	150	150	85	90
Dividend Payout %	27	26	18	13.74	14.66
Operating Profit Ratio %	20.26	21.01	21.73	21.87	20.53
Gross Fixed Assets per Share (Rs.)	724	900	938	51.04	55.80
Debt - Equity Ratio	1.00	1.07	0.93	0.75	0.64
Current Ratio	0.80	1.12	1.18	1.20	1.66
Market Price of Share (Rs.)					
a. As on 31st March* (Close)	779	733	375	57.40	45.95
b. high**	1900	1740	925	73.30	83.35
c. low**	632	545	346	48.60	41.60
P/E Ratio as at 31st March [®]	13.91	12.42	4.56	9.27	7.48
Market Capitalisation [®] (Rs. in lakhs)	33755	31762	16249	49744	398.22

* NSE Quotations.

** High & Low prices during the year ended 31st March at NSE.

[®] Based on the market price as on 31st March at NSE.

From 2009-10, Figures relating to Shares are after Stock-Split (F.V. of each Share: Re.1/- w.e.f. 16-9-2009). and 1:1 Bonus Issue
Figures have been regrouped for comparison purposes.

NOTICE TO THE MEMBERS

Notice is hereby given that the 46th Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 10th August, 2011 at P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C. Ramasamy Raja Salai, [Rajapalayam - 626 108](#) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 2010-11.
3. To appoint a Director in the place of Shri N.K. Shrikantan Raja, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Shri S.S. Ramachandra Raja who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

In this connection to consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

“**RESOLVED** THAT M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants be and are hereby jointly appointed as the Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs. 3,50,000/- (Rupees Three Lakhs Fifty thousand only) each, exclusive of out-of-pocket expenses.”

By Order of the Board
For RAMCO INDUSTRIES LIMITED
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Place: Chennai

Date : May 25, 2011

NOTES

- (i) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
- (ii) Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 04.08.2011 to 10.08.2011 (both days inclusive).
- (iv) The Final Dividend, on declaration, will be paid in respect of Shares held in physical form to the Shareholders whose names appear in the Register of Members as on 10.08.2011 and in respect of Shares held in electronic form to the Beneficial Owners whose names appear in the list furnished by the Depositories for this purpose as on 03.08.2011.
- (v) The Securities and Exchange Board of India has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing the Dividends through National Electronic Clearing Service (NECS) to the Investors wherever NECS facility / Bank details are available. In the absence of NECS facilities, the Company will print the Bank Account details, if available, on the payment instrument for distribution of Dividend.
- (vi) Under the provisions of Section 205 C of the Companies Act, 1956, Dividends remaining unpaid for a period of over 7 years will be transferred to the Investors' Education & Protection Fund (IEPF) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not en-cashed/ claimed their Dividends relating to the Financial Year 2003 – 04 and thereafter may write to the Company for claiming the amount before it is so transferred to the IEPF. The details of due dates for transfer of such Un-claimed Dividends to the said Fund are given below:

Dividend for the Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming the Dividend Amount	Due Date for transfer to IEP Fund
31.03.2004	28.07.2004	27.07.2011	25.08.2011
31.03.2005 I Interim Dividend II Interim Dividend Final Dividend	25.08.2004 28.01.2005 10.08.2005	24.08.2011 27.01.2012 09.08.2012	22.09.2011 25.02.2012 07.09.2012
31.03.2006 I Interim Dividend II Interim Dividend Final Dividend	29.10.2005 30.01.2006 27.07.2006	28.10.2012 29.01.2013 26.07.2013	26.11.2012 27.02.2013 24.08.2013
31.03.2007 I Interim Dividend II Interim Dividend Final Dividend	30.10.2006 30.01.2007 27.07.2007	29.10.2013 29.01.2014 26.07.2014	27.11.2013 27.02.2014 24.08.2014
31.03.2008 I Interim Dividend II Interim Dividend Final Dividend	23.10.2007 31.01.2008 11.08.2008	22.10.2014 30.01.2015 10.08.2015	20.11.2014 28.02.2015 08.09.2015
31.03.2009 I Interim Dividend II Interim Dividend Final Dividend	23.10.2008 29.01.2009 05.08.2009	22.10.2015 28.01.2016 04.08.2016	20.11.2015 26.02.2016 02.09.2016
31.03.2010 Interim Dividend Final Dividend	27.10.2009 02.08.2010	26.10.2016 01.08.2017	24.11.2016 30.08.2017

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

1. Shri N.K. SHRIKANTAN RAJA:

Shri N.K. Shrikantan Raja, aged 63 years, is a Commerce graduate. He was first appointed as a Director of the Company in 1986. He continues to be a Director in the Board extending valuable guidance. He is also a Director in the following Companies:

1. The Ramaraju Surgical Cotton Mills Limited
2. Sri Yennarkay Services Limited
3. Ramco Systems Limited
4. Sandhya Spinning Mill Limited
5. Sudharsanam Investments Limited
6. Sri Vishnu Shankar Mill Limited
7. Sri Harini Textiles Limited

8. N.R.K. Construction Systems Private Limited

9. N.R.K. Infra System Private Limited

He holds in his name, 1,20,140 Shares in the Company.

2. SHRI S.S. RAMACHANDRA RAJA:

Shri S.S. Ramachandra Raja, aged 75 years is a Science Graduate. He has been a Director of the Company since 1992 extending valuable guidance.

Shri Ramachandra Raja is also a Director in the following Companies:

1. Rajapalayam Mills Limited

2. Sri Vishnu Shankar Mill Limited

3. Ramco Systems Limited

4. Ramco Management Private Limited

5. Sri Sethu Ramasamy Farms Private Limited

He holds in his name, 4,07,680 Shares in the Company.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 46th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

	For the Year ended 31.03.2011 (Rs in Lakhs)	For the Year ended 31.03.2010 (Rs in Lakhs)
FINANCIAL RESULTS		
Operating Profit : Profit before Interest, Depreciation and Tax (PBIDT)	11862	11876
Less : Interest and Finance charges	2003	2122
Profit before Depreciation and Tax (PBDT)	9859	9754
Less : Depreciation	2948	2895
Profit before Tax (PBT)	6911	6859
Less: Provision for Taxation - Current	1820	1800
Deferred	(230)	(300)
Profit after Tax (PAT)	5321	5359
Add : Balance Profit from last year	654	356
Surplus for Appropriation	5975	5715
Transfer to General Reserve	4200	4200
1 st Interim Dividend-Re.0.50 per Equity Share (P.Y: Re.0.45 per Equity Share of Re.1/- each)	433	390
Final Dividend- Re.0.40 per Equity Share (P.Y: Re.0.40 per Equity Share of Re.1/- each)	347	347
Tax on Dividend	128	124
Balance carried over to Balance Sheet	867	654
TOTAL	5975	5715

DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Re.0.40 per Equity Share of Re.1/- each. Together with the Interim Dividend of Rs.0.50 per Equity Share of Re.1/- each paid during the year, the total Dividend for the year 2010-11 is Re.0.90 per Equity Share of Re.1/- each. (During the Previous Year 2009-10, an Interim Dividend of Re.0.45 and a Final Dividend of Re.0.40 per Equity Share of Re.1/- each were paid making a total Dividend of Re.0.85 per Equity Share).

TAXATION

An amount of Rs. 1820 Lakhs towards Current year Income-Tax, and Rs. 128 Lakhs towards Dividend Tax have been provided for the year 2010-11. In respect of Deferred Tax, an amount of Rs. 230 Lakhs has been adjusted against liability.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Review of Operations and Current Trends

A. BUILDING PRODUCTS DIVISION

PRODUCT	PRODUCTION Qty. in M.T.		SALES Qty. in M.T.		TURNOVER Rs. in Lakhs	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Fibre Cement Sheets	4,76,699	4,93,213	4,80,333	4,66,250	37,583	37,441
Calcium Silicate Boards	13,027	11,969	14,382	11,216	3,184	2,561

(a) Fibre Cement (FC) Sheets :

Considering the prevailing market condition, production of Fibre Cement (F.C) Sheets during the year 2010-11 was regulated with an intent to avoid stock build-up. Hence the actual production was lower by 16,514 M.T when compared to the previous year. However, Sales improved by 3% to 4,80,333 M.T. Turnover for F.C Sheets was marginally higher at Rs. 37,583 Lakhs during the Financial Year under review as against Rs. 37,441 Lakhs in the previous year.

Your Directors have pleasure to inform that the new project for manufacture of F.C Products at Gangaikondan, Tirunelveli District, Tamil Nadu, with an Installed Capacity of 1,20,000 M.T commenced Commercial Production in July 2010 and the F.C Sheets produced from this new Plant are well received in the markets catering to the southern belt.

Further, implementation of another New Plant for manufacture of F.C. Products at Bihiya, Bihar, had also been completed and the Commercial Production had commenced on 2nd May, 2011. This Plant too has an Installed Capacity of 1,20,000 M.T and the Cost of the Project is about Rs. 3500 Lakhs. This Project enjoys various Tax benefits/Incentives from Bihar Government like 80% reimbursement of VAT deposited for 10 years up to a maximum of 300% of Capital invested in the Project etc.

(b) Fibre Cement Pressure Pipes :

In the Pressure Pipes Division, an amount of Rs.150 Lakhs had been received as the Minimum Licence Fee during the year under review from M/s. Kanoria Sugar and General Manufacturing Company Limited, the Licencee. The revenue from F.C. Pressure Pipes Division remained the same as the previous year since the production by the Licencee was affected due to the slow-down in infrastructural activities.

(c) Calcium Silicate Boards (CSBs):

During 2010-11, quantitative Production and Sale of CSBs were higher when compared to the previous year as indicated above. The Turnover for the year was at Rs. 3,184 Lakhs as against Rs. 2,561 Lakhs during the previous year. CSB Division had also registered considerable increase in Profitability during the year under review.

(d) Cement Clinker Grinding (CCG) Plant at Kharagpur, W.B:

The Unit recorded continuous improvement in its performance during the year under review. The Plant had produced 1,15,727 M.T of Cement during the year under review as against 1,05,320 M.T of Cement during the previous year, registering almost 10% growth.

Similarly, Sale of Cement also increased from 1,05,534 M.T during the last year to 1,15,355 M.T during 2010-11. Profitability of this Unit had also improved during the year ended 31.03.2011.

B. WIND MILLS :

During the Financial Year 2010-11, no new Wind Mill was commissioned and hence the total number of Wind Mills stands at the same 14.

Position regarding Wind Mills was as follows :

Total Capacity Installed	:	16.40 MW
Total Units generated	:	326 Lakh Units (P.Y: 369 Lakh Units)
Income earned (by generation/sale of power)	:	Rs. 1,185 Lakhs (P.Y: Rs. 1,211 Lakhs)

Units generated and Income earned were slightly lower during the year under review, in tune with the weather / wind conditions.

C. COTTON YARN DIVISION-SRI RAMCO SPINNERS:

Production and Sales :

During the year 2010-11, the Unit had produced 31.12 Lakh Kgs. of Cotton Yarn as compared to 33.24 Lakh Kgs. produced during the previous year. The Unit had registered its sale of Yarn at 30.33 Lakh Kgs during the year under review as against 33.66 Lakh Kgs during 2009-10.

With the increase in Yarn Prices, Turnover for the year was considerably higher at Rs.10,345 Lakhs compared to Rs. 7,310 Lakhs in the previous year and Profitability also improved substantially.

However, Current Year working may not be encouraging as there is a glut in Yarn Market throughout India. Prices of Yarn has come down and practically no enquiries. Hope at the end of the year, the Division will be able to show good results as we have good Corporate buyers as our Customers.

D. OVERSEAS OPERATIONS - SRI RAMCO LANKA (PRIVATE) LIMITED, SRI LANKA:

Performance of the Company's Wholly Owned Sri Lankan Subsidiary during the year under review, recorded substantial improvements in terms of Production, Sales, Turnover and Profitability. The production at the FC Sheet Plant of the Subsidiary, was 1,06,801 M.T. during the year ended 31.03.2011 as against 80,660 M.T. during the corresponding previous year. The Subsidiary sold 1,08,609 M.T. during 2010-11 as compared to 81,308 M.T. during 2009-10. The Net Sales were SLR.25,492 Lakhs (INR.10,365 Lakhs) as against SLR 18,137 Lakhs (INR 7,481 Lakhs) during the corresponding previous year.

Your Directors have pleasure to inform that a new Company by name M/s. Sri Ramco Roofings Lanka Private Limited (SRRLPL) has been incorporated in Sri Lanka as a subsidiary of M/s. Sri Ramco Lanka (Private) Limited (SRLPL) on 9th November 2010. Since SRLPL itself is a Wholly Owned Subsidiary of M/s. Ramco Industries Limited (RIL), SRRLPL will also be another Subsidiary of RIL. SRRLPL has taken up the setting up of a new Unit to manufacture Fibre Cement Products with an annual capacity of 1,20,000 MT at Pallegodowatta Industrial Estate, Mathugama in the District of Kalutara in Sri Lanka and the Unit is expected to be commissioned during the Current F.Y 2011-12. This Company will enjoy tax and other benefits from the Government of Sri Lanka.

TAXES AND DUTIES:

During the year under review, Customs / Central Excise Duties paid on the Company's products amounted to Rs. 6,262.48 Lakhs. Together with VAT and CST amounting to Rs.5,693.94 Lakhs, the Company's total contribution to the Public Exchequer was Rs.11,956.42 Lakhs say Rs.120 Crores.

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

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

INDUSTRIAL RELATIONS:

Industrial relations continue to be cordial and harmonious at all the Units. Employees are extending their fullest co-operation for the various cost reduction measures of the Company.

PARTICULARS OF EMPLOYEES:

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

RESEARCH AND DEVELOPMENT EFFORTS:

During the year under review, the Company continued its Research & Development efforts in respect of conventional and non-conventional Fibres and in production technology for manufacture of Fibre Cement Sheets/Calcium Silicate Boards.

DIRECTORS:

Since the last AGM held on 02.08.2010, there had been no change in the composition of the Board of Directors. In accordance with the provisions of the Companies Act, 1956 / Articles of Association, Shri N.K. Shrikantan Raja and Shri S.S. Ramachandra Raja are the Directors who will be retiring by rotation and are eligible for re-election.

PUBLIC DEPOSITS:

The Total Deposits from the general public outstanding with the Company as on 31st March 2011 were Rs. 13.91 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956.

SHARES:

The Annual Listing Fees have been paid to the three Stock Exchanges for the F.Y 2011-12.

AUDITORS:

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants, Auditors of the Company retire at the end of the 46th Annual General Meeting and are eligible for re-appointment.

As per Orders dated 2nd and 3rd May, 2011 issued by the Government of India, Ministry of Corporate Affairs, New Delhi, from the Financial Year commencing from 01.04.2011, the Cost Accounting Records (pertaining to the Company's Clinker Grinding Unit at

Kharagpur, West Bengal and Power Generation activities) will have to be audited by a Cost Auditor. Accordingly the Board of Directors has appointed Geyes & Co., Cost Accountants, Chennai, as the Cost Auditor for the F.Y 2011-12.

SUBSIDIARY COMPANIES :

Government of India, Ministry of Corporate Affairs, vide their General Circular No: 2/2011 dated 08.02.2011, has granted general exemption under Section 212(8) of the Companies Act, 1956 to the Companies from attaching the full text of the Financial Statements of the Subsidiaries along with the Company's accounts / Annual Report subject to certain conditions being fulfilled. As required under the said general exemption Circular, the Consolidated Financial Statements have been presented in this Annual Report and the other required disclosures on the Company's three Subsidiaries namely (a) M/s. Sudharsanam Investments Limited, (b) Sri Ramco Lanka (Private) Limited, Sri Lanka and (c) Sri Ramco Roofings Lanka Private Limited, Sri Lanka have also been made in this Report.

The Annual Accounts of the three Subsidiary Companies and the related detailed information will be made available to the Share holders of the Company as also the Shareholders of the Subsidiary Companies seeking such information at any point of time. The Annual Accounts of the three Subsidiary Companies will also be kept for inspection by any Shareholder, at the Corporate Office of the Company and of the Subsidiary Companies concerned.

CONSOLIDATED FINANCIAL STATEMENTS:

As required under Accounting Standard 21, issued by The Institute of Chartered Accountants of India, the Audited Financial Statements of the parent Company and the three Subsidiary Companies have been consolidated and such Consolidated Financial Statements for the year ended 31.03.2011 along with the Auditors' Report thereon are annexed hereto and the same form part of this Annual Report.

CORPORATE GOVERNANCE:

The Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreements with the Stock Exchanges. A Report on Corporate Governance followed by the Company is enclosed. The Certificate from the Statutory Auditors of the Company, regarding compliance of the requirements under Corporate Governance stipulated by the Stock Exchanges has also been reproduced in this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that –

In the preparation of the annual accounts for the year ended 31st March 2011, the applicable Accounting Standards had been followed;

The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

The Annual Accounts were prepared on a going concern basis.

ACKNOWLEDGEMENT

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

Place : CHENNAI
Date : 25.05.2011

On behalf of the Board of Directors
 For RAMCO INDUSTRIES LIMITED
P.R. RAMASUBRAHMANEYA RAJHA
 Chairman

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2011

In terms of Section 217(1) of the Companies Act (as amended) and the disclosure of particulars in the Report of the Board of Directors Rules, 1989, the following information is furnished for the year ended 31.03.2011.

A. CONSERVATION OF ENERGY (pertaining to Cotton Yarn Division)

(a)	Energy conservation measures taken	Since our Blow Room Machines have positive pressure of round air duct, in B Unit, Axial Flow Fans have been installed to ensure substantial Power saving. In Unit C, high efficiency Centrifugal Fans are being used in waste collection system, for achieving Power saving of 30%.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	Nil
(c)	Impact of measures at (a) and (b) above, for reduction of energy consumption and consequent impact on the cost of production of goods	There have been savings in energy cost due to the above measures taken.
(d)	Total energy consumption per unit of production of goods	Particulars given in Form A (pertaining to Cotton Yarn Division)

B. TECHNOLOGY ABSORPTION

(e)	Efforts made in Technology Absorption	Particulars given in Form B
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C. FOREIGN EXCHANGE EARNINGS AND OUTGO (pertaining to Cotton Yarn Division)

(f)	(i) Activities relating to Exports	Cotton Yarn is being exported to Japan and Italy.	
	(ii) Initiatives taken to increase exports (iii) Development of new export markets for products and service (iv) Export plans	At present, Export Market is not encouraging. However the Company is trying its best to obtain more Export Orders.	
(g)	(i) Total foreign exchange used		Rs.2,169.06 Lakhs
	(ii) Total foreign exchange earned		Rs.1,322.61 Lakhs

Form – A : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

	Year ended 31.03.2011	Year ended 31.03.2010
1 ELECTRICITY		
(a) Units Purchased	2,19,31,928	2,28,87,747
Total amount	Rs. 10,29,77,293	Rs. 10,60,03,545
Rate/unit	Rs. 4.70	Rs. 4.63
(b) Own Generation		
(i) Thro Diesel Generator		
Units	21,14,546	4,63,254
Units per ltr. of diesel oil	3.65	3.63
Cost/Unit	Rs. 9.86	Rs. 8.66
(ii) Thro HFO Generator		
Units	19,11,830	21,70,100
Units per ltr. of furnace oil	3.72	3.70
Cost/Unit	Rs.7.90	Rs.7.04
(iii) Thro Steam Turbine Generator		
Units	-	-
Units per ltr. of fuel oil/gas	-	-
Cost/Unit	-	-
2 COAL	-	-
3 OTHERS	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

(pertaining to Cotton Yarn Division)

	Standards (if any)	Current year 2010-11	Previous Year 2009-10
Products (with details)	-	-	-
100% Cotton Yarn 40's converted production	-	-	-
Unit per Kg.	-	-	-
Electricity	-	5.01	5.10
Furnace Oil	-	-	-
Coal (Specify quality) %	-	-	-
Others (Specify)	-	-	-

Form - B : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

A. RESEARCH AND DEVELOPMENT (R&D)

**1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY
In Building Products Division :**

Different combinations of Fibres were developed to yield more economic Fibre furnishes.
Use of Pozolonic Material – Fly Ash in the manufacture of Fibre Cement Sheets.
Usage of Cellulose for part substitution of Asbestos Fibre.
Recycling of broken waste in the production process.
Further Development of Non Asbestos Calcium Silicate Boards.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

Cost of production reduced without affecting the quality of the Product.

3. FUTURE PLAN OF ACTION

Use of alternative fibres in the production of Sheets.
Development of Poly Propylene strip reinforced sheets.
Development of different formulations of asbestos-free flat Boards for different applications.
Development of sandwich panels.
Development of coated sheets.

4. EXPENDITURE ON R&D

Recurring expenditure	:	Rs.2.10 Lakhs
Capital Expenditure	:	Nil
Total	:	Rs.2.10 Lakhs
R&D expenditure as a % age of total turnover of FC Sheets	:	Negligible

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(pertaining to Cotton Yarn Division)

- | | | |
|----|--|---|
| 1. | Efforts, in brief, made towards technology Absorption, adaptation and innovation | } In Unit A, two numbers of Howa Cards have been replaced with Trumac TC5-1 high technology Cards. These Howa Cards have been installed in Unit B. These measures have enabled increased production capacity in Spinning and also enabling production of high quality yarn for sensitive Corporate Buyers.
} Similarly, three numbers of Cherry Combers have been replaced with two numbers of LK-64 high technology Combers to ensure quality and to increase production capacity.
} In Unit B, one Savio Polar-L Auto winder Soft Package Kit has been installed for supplying yarn to Corporate buyers.
} In Unit C, SSM Soft package has been installed specially suitable for 2ply yarn to avail benefit of market trends and supplying quality yarn to Corporate Buyers. |
| 2. | Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | } Improved products being offered for Indian and International Yarn Markets with lesser manpower.
} |
| 3. | In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished (a)Technology Imported; (b) Year of Import; (c) Had technology been fully absorbed (d) If not, areas where this had not taken place, reason therefore & future plans of action. | } Not Applicable.
} |

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Ramco Industries Limited is assiduously following its self-determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the Stakeholders of the Company viz., Shareholders, Creditors, Customers and Employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

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

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

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

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

2. BOARD OF DIRECTORS

The Board of Directors of the Company is headed by the Chairman, Shri P.R. Ramasubrahmaneya Rajha. Shri P.R. Venketrama Raja is the Vice-Chairman and Managing Director. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Law, Finance, Engineering etc. As on 31st March 2011, the Board consists of 7 Directors out of which 6 Directors are Non-Executive, including 4 Independent Directors. Independent Directors constitute more than 50% of the total strength of the Board of Directors as required under the Code of Corporate Governance. There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, four Board Meetings were held, one each on 24.05.2010, 02.08.2010, 25.10.2010 and 10.02.2011.

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

Sl.No.	Name of the Director	Directorship*	No. of Meetings attended	% of Board Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha (Chairman - Non-Executive)	PD	4	100
2.	Shri P.R. Venketrama Raja (Vice-Chairman & Managing Director)	PD	3	75
3.	Shri S.S. Ramachandra Raja	NED	3	75
4.	Shri N.K. Shrikantan Raja	NEID	4	100
5.	Shri K.T. Ramachandran	NEID	3	75
6.	Dr. A. Ramakrishna	NEID	3	75
7.	Shri R.S. Agarwal	NEID	4	100

PD - Promoter Director; NED - Non-Executive Director; NEID - Non-Executive Independent Director

The previous Annual General Meeting of the Company was held on 2nd August, 2010 at Rajapalayam. The following Directors attended the Annual General Meeting

Sl. No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja, Vice-Chairman and Managing Director
3.	Shri S.S. Ramachandra Raja
4.	Shri N.K. Shrikantan Raja
5.	Dr. A. Ramakrishna
6.	Shri R.S. Agarwal

CODE OF CONDUCT

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

1. FOR DIRECTORS

A Director being a Trustee of the Shareholders shall –

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

2. FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall –

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

The Code of Conduct has also been posted on the Company’s Website www.ramcoindltd.com

3. COMMITTEES OF THE BOARD OF DIRECTORS

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

a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include :

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

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed under Corporate Governance requirements and The Companies Act, 1956 from time to time.

The Audit Committee consists of the following Directors. Other details are as under :

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri R.S. Agarwal, Chairman of the Committee	4
2.	Shri K.T. Ramachandran	3
3.	Dr. A. Ramakrishna	4

No. of Meetings held during the year : 4
Date of Meetings : 22.05.2010, 01.08.2010, 24.10.2010 & 09.02.2011

The Statutory Auditors, Head of the Finance, Accounts & Internal Audit Departments are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

All the three members of the Audit Committee are Independent Directors as against the requirement of 2/3rd under the Code of Corporate Governance.

b) REMUNERATION COMMITTEE

Sl. No.	Name of the Director
1.	Shri R.S. Agarwal, Chairman of the Committee
2.	Shri K.T. Ramachandran

No. of Meeting held during the year : One
Date of the Meeting : 22.05.2010

c) INVESTOR GRIEVANCES COMMITTEE

Sl. No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja, Vice-Chairman & Managing Director

No. of Meeting held during the year : One
Date of the Meeting : 10.03.2011

d) SHARE TRANSFER COMMITTEE

Sl. No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja, Vice-Chairman & M.D
3.	Shri K.T. Ramachandran

During the year under review, two meetings were held on 20.05.2010 and 27.09.2010 to consider transfer and transmission of Shares. There was NO Debenture.

All the above Committees meet as and when required.

4. BOARD PROCEDURE

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

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

5. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Managing Director have been given in the Notes on Accounts attached to the Balance Sheet / Profit and Loss Account.

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees which is being paid at the rate of Rs.15,000 for each meeting of the Board and also for each meeting of the Audit, Remuneration and Investor Grievances Committees of the Board of Directors of the Company attended by them. Sitting Fee of Rs.2,500 is being paid for attending each of the Share Transfer Committee Meeting.

6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of Shareholdings of the Non-Executive Directors in the Company, in their names, as on 31.03.2011 :-

Sl. No.	Name of the Non-Executive Director	No. of Shares held as on 31st March 2011	% to Paid-up Capital
1.	Shri P.R. Ramasubrahmaneya Rajha	63,14,540	7.29
2.	Shri S.S. Ramachandra Raja	4,07,680	0.47
3.	Shri N.K. Shrikantan Raja	1,20,140	0.14
4.	Shri K.T. Ramachandran	2,20,000	0.25
5.	Shri R.S. Agarwal	397	0.00
6.	Dr. A. Ramakrishna	NIL	-

7. MANAGEMENT

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

8. SHAREHOLDERS

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

Other Shareholder Information

Registered Office : 47, P.S.K. Nagar
Rajapalayam 626 108 (Tamil Nadu)

Corporate Office : "Auras Corporate Centre", VI Floor
98-A, Dr. Radhakrishnan Road
Mylapore, Chennai 600 004

Plant Locations

(a) Building Products Division: (i) Fibre Cement Sheet Units	1. Arakkonam, Tamil Nadu
	2. Karur, Karnataka
	3. Maksi, Madhya Pradesh
	4. Silvassa, U.T of Dadra, Nagar, Haveli
	5. Kharagpur, West Bengal
(ii) Fibre Cement Pressure Pipes unit:	6. Ibrahimpatnam, Vijayawada, A.P.
	7. Sinugra Village, Anjar Taluk, Gujarat
	8. Gangaikondan, Tirunelveli Dist., Tamil Nadu
	9. Bihiya, Bhojpur District, Bihar
(iii) Calcium Silicate Board unit	Maksi, Madhya Pradesh
(iv) Cement Clinker Grinding unit	Arakkonam, Tamil Nadu
(b) Textile Division: Cotton Yarn Spinning unit	Kharagpur, West Bengal
(c) Wind farm Division:	Rajapalayam, Tamil Nadu
	1. Tirunelveli and Coimbatore Districts, Tamil Nadu
	2. Chitradurga and Hassan Districts, Karnataka
	3. Kutch District, Gujarat

Person to be contacted for shareholder enquiries:

S. KRISHNAN

Company Secretary (Compliance Officer) & General Manager - Legal
Ramco Industries Limited
"Auras Corporate Centre", VI Floor
98-A, Dr. Radhakrishnan Road
Mylapore, **CHENNAI - 600 004**
Phone: 044-2847 8585; Fax: 044-2847 8597; E Mail : ski@ril.co.in

Share Transfer Documents are to be sent to the Company's Registrar for Electronic Connectivity and physical Share Transfers viz., M/s. Cameo Corporate Services Limited, Subramanian Buildings, No.: 1, Club House Road, CHENNAI - 600 002. (Their Telephone No.: 044-2846 0390; Fax No.: 044-2846 0129).

Listing on Stock Exchanges

The Company's Shares continue to be listed on The Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing Fees for the year 2011-12 have been paid to all the three Stock Exchanges.

Stock Code

Name of the Stock Exchange	Code
The Madras Stock Exchange Limited	RAMCOINDS
Bombay Stock Exchange Limited	532369
National Stock Exchange of India Limited	RAMCOIND EQ

General Meetings

The last 3 Annual General Meetings (AGMs) were held as under:

Year ended	Date	Time	Venue
31.03.2008	11.08.2008	11.00 A.M.	P.A.C.R.Centenary Community Hall P.A.C.Ramasamy Raja Salai Rajapalayam 626 108 (Tamil Nadu)
31.03.2009	05.08.2009	11.00 A.M.	- do -
31.03.2010	02.08.2010	11.00 A.M.	- do -

No resolution on matters requiring Postal Ballot as per Section 192 A of The Companies Act, 1956 was passed during the Year.

Ensuing Annual General Meeting

Date	Time	Venue
10.08.2011	11.00 A.M.	P.A.C.R.Centenary Community Hall Sudharsan Gardens, P.A.C.Ramasamy Raja Salai Rajapalayam 626 108 (Tamil Nadu)

No Special Resolution is proposed to be conducted through Postal Ballot in the ensuing 46th AGM.

Financial Calendar for AGM / Dividend Payment (For the Financial Year April 2011 to March 2012)

Board Meeting for consideration of Audited Accounts and recommendation of Final Dividend for 2010-11	25.05.2011
Posting of Annual Report	On or before 16.07.2011
Book Closure dates	04.08.2011 to 10.08.2011 (Both days inclusive)
Last date for receipt of Proxy forms	07.08.2011
Date of the 46 th AGM	10.08.2011
Dividend Payment date	On or after the date of AGM but within 30 days

Tentative Financial Calendar for 2011-12

1.	Unaudited results for Q.E. 30.06.2011	Before 15th August, 2011
2.	Unaudited results for Q.E. 30.09.2011	Before 15th November, 2011
3.	Unaudited results for Q.E. 31.12.2011	Before 15th February, 2012
4.	Audited results for Quarter / Year ending 31.03.2012	Before 30th May, 2012
5.	AGM for the year ending 31.03.2012	August 2012

Means of Communication

The Un-audited Quarterly and Half yearly Financial Results and Audited Annual Results were published in English in Financial Express (All editions) and in Tamil in Makkal Kural (All editions in TN) All the Financial Results were also faxed immediately to the three Stock Exchanges where the Shares of the Company are listed and also displayed on the Company's website www.ramcoindltd.com.

Green Initiative in Corporate Governance

As part of "Green Initiative in Corporate Governance", Ministry of Corporate Affairs, Government of India has permitted Companies to send the Notices for the Annual General Meeting, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report, etc. and other communications to the Shareholders through E-mail. With an intent to participate in the Green Initiative, it is proposed to send such documents in electronic form to the E-mail addresses of all our Members in future.

Members holding Shares in electronic form are requested to update their E-mail addresses with their Depository Participants, so that such updated E-mail addresses can be used for sending Annual Reports and other communications in electronic form. Members holding Shares in physical form are requested to provide in writing, their correct E-mail addresses quoting their Folio Number, to our Registrars and Transfer Agents, viz., M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Anna Salai, Chennai - 600 002, which will be used for sending Annual Reports and other communications in electronic form.

Co-operation of all Members in implementing the above mentioned Green Initiative of the Government is requested.

Depository System

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

As per SEBI directive, the Company has retained the services of M/s. Cameo Corporate Services Limited, "Subramanian Building", No: 1, Club House Road, Chennai - 600 002 (Their Phone No: 044 - 2846 0390 and Fax No: 044 - 2846 0129) for the Depository Services relating to both NSDL and CDSL and also for the Share Registry Services in respect of Shares held in Physical form. As on 31st March 2011, 91.01 % of the Company's Shares have been dematerialized.

In view of the advantages offered by the Depository System, Members who have not yet dematerialized their Shares are requested to avail the facility of dematerialization of the Shares.

They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No.INE 614A01028.

Shares Held in Electronic Form

Shareholders holding Shares in electronic form may please note that :

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

Redressal of Grievances

There is no pending Share transfer as on 31.03.2011.

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

Any Shareholder who is having grievance may kindly send e-mail to investors_grievances@ril.co.in.

Disclosures

- (i) The Company has no Related Party Transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant Related Party Transactions. A summary of the significant Related Party Transactions have been disclosed under "Notes on Accounts".
- (ii) There has been no penalty/stricture imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years.
- (iii) Mandatory requirements have been complied with. Non-mandatory aspects wherever complied with have been incorporated in this Corporate Governance Report.
- (iv) The Company recognizes the substance of the voluntary guidelines on Corporate Governance and Corporate Social Responsibility issued by the Ministry of Corporate Affairs, New Delhi. The basic principles of the guidelines are generally espoused with the practices of the Company.

Corporate Social Responsibility (CSR)

The Company's total expenditure towards CSR for various Charitable causes including for renovation of Temples and other Social development amounted Rs.86.48 Lakhs.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March 2011.

Place : Chennai
Date : May 14, 2011

For RAMCO INDUSTRIES LIMITED
P. R. VENKETRAMA RAJA
Vice-Chairman & Managing Director

AUDITORS' CERTIFICATE

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

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
(FRN: 001208S)

For CNGSN & ASSOCIATES
Chartered Accountants
(FRN: 004915S)

K. SRINIVASAN
Partner
Membership No. 21510

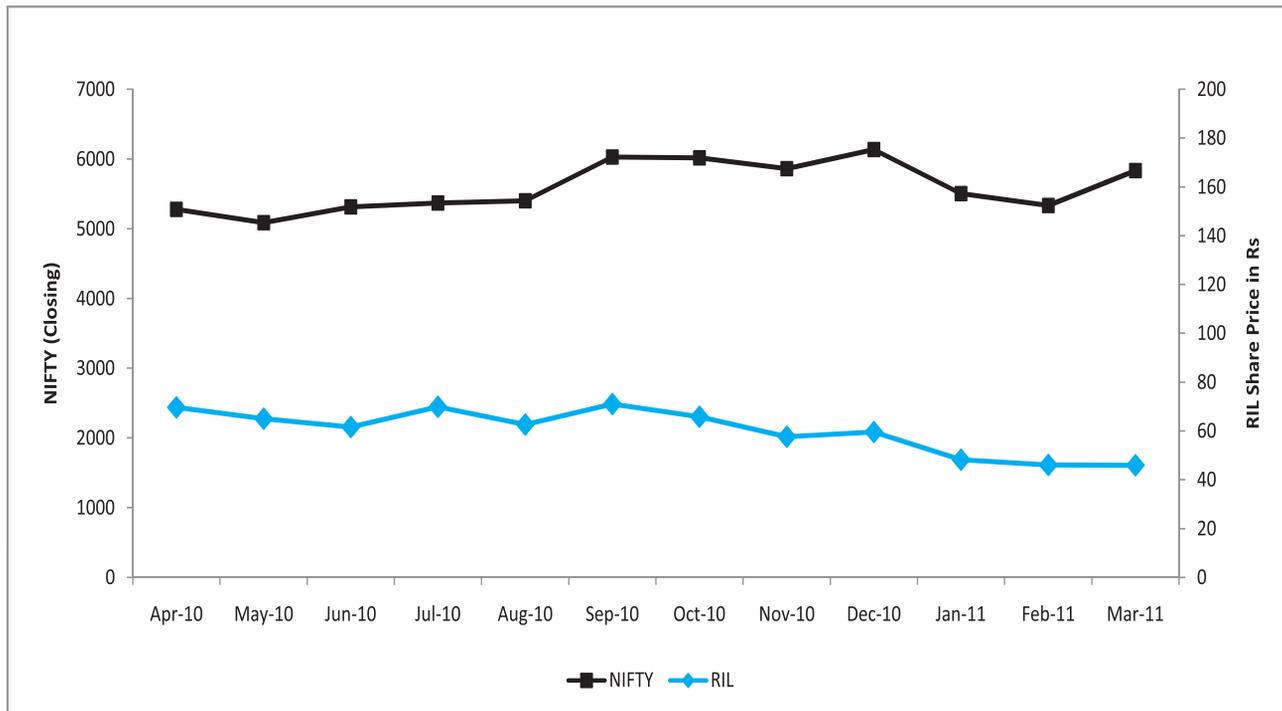
C.N. GANGADARAN
Partner
Membership No. 11205

Place : Chennai
Date : May 25, 2011

STATISTICAL DATA
Share Price - High & Low / Volume
(During April 2010 to March 2011 in NSE & BSE)

Month	National Stock Exchange of India Ltd			Bombay Stock Exchange Ltd		
	High Price (Rs.)	Low Price (Rs.)	No. of Shares Traded	High Price (Rs.)	Low Price (Rs.)	No. of Shares Traded
April, 2010	73.00	57.75	26,84,921	73.00	57.60	4,31,660
May, 10	72.40	62.65	12,79,476	72.00	63.00	7,82,069
June, 10	66.50	60.50	6,01,394	66.90	60.50	4,74,100
July, 10	75.30	62.65	46,47,438	75.40	64.00	4,82,898
August, 10	73.70	62.25	12,98,623	73.70	62.50	7,03,229
September, 10	83.35	61.75	45,50,028	83.00	61.85	6,80,241
October, 10	78.00	65.15	22,68,816	77.90	65.05	4,95,868
November, 10	68.00	53.00	8,60,321	68.00	53.15	6,53,695
December, 10	63.40	52.05	5,47,957	62.40	53.00	3,59,021
January, 2011	63.60	46.10	5,22,939	63.85	46.50	2,87,619
February, 11	51.40	41.60	3,42,495	51.90	42.00	2,60,980
March, 11	49.45	44.50	5,43,592	49.45	44.65	4,60,603

Share Price Movement - RIL vis-a-vis NSE's NIFTY



Pattern of Shareholding as on 31st March 2011

Description	Total No. of Shareholders	%	No. of Shares held	% to Capital
A. PROMOTERS HOLDING				
Promoter & Promoter Group	19	0.17	4,38,01,220	50.54
B. NON-PROMOTERS HOLDING				
1. Mutual Funds & UTI	4	0.04	1,29,000	0.15
2. F.Is / Banks	5	0.05	57,41,611	6.63
3. Central/State Govt/s; VCF; Ins. Companies	-	-	-	-
4. Foreign Institutional Investors	2	0.01	7,19,589	0.83
5. Bodies Corporate	410	3.73	37,04,583	4.27
6. Individual Shareholders holding nominal Share Capital :				
a. Up to Rs.1.00 Lac	10,010	91.16	1,38,33,809	15.96
b. In excess of Rs.1.00 Lac	49	0.45	1,65,45,917	19.10
7. Others–HUF/NRI/Clearing Members etc.	482	4.39	21,83,331	2.52
Grand Total	10,981	100.00	8,66,63,060	100.00

Distribution of Shareholding as on 31st March 2011

Range (No. of Shares of Re.1 each)	Total Shareholders	%	Total No. of Shares of Re.1 each	%
Upto - 500	10,342	94.18	57,83,514	6.67
501 to 1000	251	2.29	18,85,376	2.18
1001 to 2000	151	1.38	22,11,396	2.55
2001 to 3000	60	0.54	15,49,776	1.79
3001 to 4000	44	0.40	16,00,651	1.85
4001 to 5000	26	0.24	11,71,421	1.35
5001 to 10000	33	0.30	22,42,252	2.59
10001 & above	74	0.67	7,02,18,674	81.02
Total	10,981	100.00	8,66,63,060	100.00

Category of Shareholding as on 31st March 2011

Category	Total Shareholders	%	No. of Shares held	%
Dematerialised Form :				
NSDL	7,126	64.89	5,95,33,555	68.70
CDSL	3,504	31.91	1,93,38,405	22.31
Physical Form	351	3.20	77,91,100	8.99
Total	10,981	100.00	8,66,63,060	100.00

AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of **Ramco Industries Limited, Rajapalayam** as at 31st March, 2011 and the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, We report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. As per representation made by the Company and its Directors, no Director is disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii. in so far it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date;
 - iii. and in so far it relates to the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For **M.S. Jagannathan & N. Krishnaswami**
Chartered Accountants
FRN: 001208S
K. Srinivasan
Partner
Membership No.21510

Place : Chennai
Date : May 25, 2011

For **CNGSN & Associates**
Chartered Accountants
FRN: 004915S
C.N. Gangadaran
Partner
Membership No.11205

ANNEXURE TO THE AUDITORS' REPORT

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

- i.
 - a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.
 - c The Company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- ii.
 - a The management has conducted physical verification at reasonable intervals in respect of its inventory.
 - b The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - c The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- iii.
 - a The Company has not granted any loans to any party listed in the register maintained under section 301 of the Companies act, 1956.
 - b The rate of interest and other terms and conditions of the loans given by the Company are not prima facie, prejudicial to the interest of the Company.
 - c The payment of the principal amount and interest wherever applicable are regular.
 - d There are no overdue amounts with respect to above loans.
 - e The Company has taken loans from two parties aggregating to Rs.4.15 crores (maximum amount outstanding at any time during the year Rs.1.42 Crores; outstanding as on 31st March, 2011 Rs.1 Crore) from parties listed in the register maintained under section 301 of the companies act, 1956.
 - f The rate of interest and other terms and conditions of the loans taken by the Company are not prima facie, prejudicial to the interest of the Company.
 - g The loans given/taken by the Company are repayable on demand and have been received / paid on demand.
- iv. The company has an internal control system which is adequate and is commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There are no major weaknesses in internal control system.
- v.
 - a Particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register maintained for such purpose.
 - b These transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has accepted deposits from the public and the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under where applicable have been complied with.
- vii. The Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has prescribed maintenance of cost records under clause (a) of sub-section (1) of section 209 of the Companies Act, 1956 for Textile Industry and the said records are maintained by the company for its Textile Division.
- ix.
 - a The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
 - b The disputed statutory dues aggregating to Rs. 22.68 crores that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the statute	Forum where dispute is pending	Amount (Rs. In crores)
1	Sales-tax Act	High Court	0.89
2	Income Tax	CIT (Appeals)	21.79

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

For **M.S. Jagannathan & N. Krishnaswami**

Chartered Accountants

FRN: 001208S

K. Srinivasan

Partner

Membership No.21510

Place : Chennai

Date : May 25, 2011

For **CNGSN & Associates**

Chartered Accountants

FRN: 004915S

C.N. Gangadaran

Partner

Membership No.11205

BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	8,66,63,060	8,66,63,060
Reserves & Surplus	2	<u>365,04,90,763</u>	<u>320,36,70,022</u>
		373,71,53,823	329,03,33,082
LOAN FUNDS			
Secured Loans	3	197,21,39,216	196,62,04,029
Unsecured Loans	4	<u>41,13,83,027</u>	<u>51,03,83,030</u>
		238,35,22,243	247,65,87,059
DEFERRED TAX LIABILITY			
		<u>24,08,55,594</u>	<u>26,38,55,594</u>
TOTAL (I)		<u>636,15,31,660</u>	<u>603,07,75,735</u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	458,30,14,312	417,32,80,973
Less: Depreciation		<u>227,79,11,255</u>	<u>198,95,92,251</u>
Net Block		230,51,03,057	218,36,88,722
Add: Capital works in progress		<u>25,26,43,728</u>	<u>24,97,90,705</u>
		255,77,46,785	243,34,79,427
INVESTMENTS			
	6	202,61,67,262	202,61,67,262
CURRENT ASSETS, LOANS AND ADVANCES			
Interest accrued on Investments & deposits		3,30,835	1,79,921
Inventories	7	125,83,53,226	129,29,55,003
Sundry Debtors	8	40,20,25,795	29,33,06,249
Cash & Bank balances	9	22,85,03,699	17,72,76,300
Loans & Advances	10	<u>71,36,92,451</u>	<u>59,23,94,421</u>
		260,29,06,006	235,61,11,894
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	57,69,56,564	54,25,12,367
Provisions	12	<u>24,83,31,829</u>	<u>24,24,70,481</u>
		82,52,88,393	78,49,82,848
NET CURRENT ASSETS			
		<u>177,76,17,613</u>	<u>157,11,29,046</u>
TOTAL (II)		<u>636,15,31,660</u>	<u>603,07,75,735</u>
Significant Accounting Policies	20		
Notes on Accounts	21		

The Schedules referred to above form part of the accounts

As per our Report Annexed

For M/s.M.S. JAGANNATHAN &
N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	Schedule	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
INCOME			
Sales		596,11,36,381	532,33,72,879
Less Excise Duty and Cess		<u>54,53,69,686</u>	<u>34,14,28,537</u>
Net sales		541,57,66,695	498,19,44,342
Power generated from Wind Mills		11,84,92,388	12,11,29,627
Other Income	13	24,45,55,381	32,66,21,268
Increase / (decrease) in stock	19	<u>10,37,96,146</u>	<u>11,86,57,775</u>
		<u>588,26,10,610</u>	<u>554,83,53,012</u>
EXPENDITURE			
Raw Materials consumed		302,44,77,503	291,63,23,185
Cost of Resale Materials		2,45,20,239	58,66,096
Stores consumed		10,35,62,124	11,18,82,343
Power and Fuel		39,57,38,997	33,99,32,691
Salaries, Wages, Bonus etc.	14	31,75,67,163	26,17,21,619
Managerial remuneration		3,51,73,049	3,49,04,026
Rates and Taxes		2,22,86,818	1,98,73,633
Interest and Finance charges	15	20,02,75,758	21,21,69,506
Repairs and Maintenance	16	15,04,85,754	12,71,07,377
Selling expenses	17	18,96,15,103	16,79,28,287
Administrative and Other expenses	18	14,78,28,019	12,45,32,245
Transportation and Handling expenses		27,65,82,113	23,24,08,700
Depreciation and Amortization expenses		29,47,68,798	28,94,77,244
Corporate Social Responsibility Expenses		86,48,251	82,97,051
Exceptional items		-	99,74,514
Provision for Taxation			
Current Tax		18,20,00,000	18,00,00,000
Deferred Tax		<u>(2,30,00,000)</u>	<u>(3,00,00,000)</u>
		<u>535,05,29,689</u>	<u>501,23,98,517</u>
PROFIT FOR THE YEAR			
Balance brought forward from previous year		53,20,80,921	53,59,54,495
		<u>6,54,47,224</u>	<u>3,55,41,566</u>
Balance available for Appropriation		<u>59,75,28,145</u>	<u>57,14,96,061</u>
Appropriated as :-			
Transfer to General Reserve		42,00,00,000	42,00,00,000
Interim Equity Dividend		4,33,31,530	3,89,98,378
Tax on Interim Equity Dividend		71,96,826	66,27,774
Final Equity Dividend		3,46,65,224	3,46,65,224
Tax on Final Equity Dividend		56,23,567	57,57,461
Balance transferred to Balance Sheet		<u>8,67,10,998</u>	<u>6,54,47,224</u>
		<u>59,75,28,145</u>	<u>57,14,96,061</u>
Earnings Per Share			
Basic and Diluted Earnings Per Share of Re.1 each		6.14	6.18

As per our Report Annexed

For M/s.M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1 SHARE CAPITAL		
Authorised: 20,00,00,000 Equity Shares of Re.1/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed and Paid-up Equity shares of Re.1/- each (Of the above 7,66,81,530 equity shares were allotted as fully paid Bonus shares by capitalisation of General Reserve)	<u>8,66,63,060</u>	<u>8,66,63,060</u>
2 RESERVES AND SURPLUS		
Share Premium	2,09,53,206	2,09,53,206
General Reserve: As per Last Balance Sheet	298,17,55,405	
Add: Transfer during the year	<u>42,00,00,000</u>	
	340,17,55,405	298,17,55,405
Investment Subsidy Reserve (See item No.13 of Schedule 21)	14,10,71,154	13,55,14,187
Balance in Profit and Loss Account	<u>8,67,10,998</u>	<u>6,54,47,224</u>
TOTAL	<u>365,04,90,763</u>	<u>320,36,70,022</u>
3 SECURED LOANS		
(See item No.10 of Schedule 21)		
Rupee term loan from banks	164,05,90,614	129,12,04,029
Working Capital Loan from Banks	<u>33,15,48,602</u>	<u>67,50,00,000</u>
TOTAL	<u>197,21,39,216</u>	<u>196,62,04,029</u>
4 UNSECURED LOANS		
Fixed deposits		
From Directors	99,92,027	86,26,030
From Others	13,91,000	17,57,000
Short Term Loans		
Rupee Loan from Banks	<u>40,00,00,000</u>	<u>50,00,00,000</u>
TOTAL	<u>41,13,83,027</u>	<u>51,03,83,030</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2011

5. FIXED ASSETS

(In Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As At 1-Apr-2010	Additions	Withdrawals / Adjustments	As At 31-MAR-2011	For the year	As At 31-MAR-2011	As At 31-MAR-2010
LAND	21,56,93,956	12,75,693	-	21,69,69,649	-	21,69,69,649	21,56,93,956
LAND-LEASEHOLD	6,28,549	-	-	6,28,549	6,349	4,82,522	4,88,871
BUILDINGS	59,17,66,962	9,87,23,496	-	69,04,90,458	3,11,85,476	46,99,97,787	40,24,65,121
RAILWAY SIDINGS	20,68,254	-	-	20,68,254	-	1,03,413	1,03,413
PLANT & MACHINERY	306,52,82,013	22,88,97,468	54,21,853	328,87,57,628	24,12,96,514	141,32,74,127	142,85,65,884
ELECTRICAL MACHINERY	21,52,30,330	2,89,83,519	10,03,039	24,32,10,810	1,57,46,939	10,72,87,483	9,41,37,162
FURNITURE AND OFFICE EQUIPMENTS	3,24,56,972	10,55,327	1,32,344	3,33,79,955	14,68,941	1,15,15,366	1,20,18,261
VEHICLES	3,63,42,396	25,39,439	32,80,668	3,56,01,167	35,56,866	1,88,86,208	2,02,18,140
AIRCRAFT @	1,38,11,541	5,80,96,301	-	7,19,07,842	15,07,713	6,65,86,502	99,97,914
	417,32,80,973	41,95,71,243	98,37,904	458,30,14,312	29,47,68,798	230,51,03,057	218,36,88,722

@ Represents Company's share in joint ownership

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
6 INVESTMENTS		
I QUOTED		
Shares in Madras Cements Ltd: 4,93,12,420 nos. Equity shares of Re.1/- each fully paid-up	58,15,84,906	58,15,84,906
Shares in Rajapalayam Mills Ltd: 4,23,680 nos. Equity Shares of Rs.10/- each fully paid-up	4,11,08,780	4,11,08,780
Shares in Indian Bank: 1,391 nos. Equity Shares of Rs.10/- each fully paid-up	1,26,581	1,26,581
Shares in HDFC Ltd: 3,10,200 nos. Equity Shares of Rs.2/- each fully paid-up (Face Value of Rs.10/- each subdivided into Rs.2/- each during the year)	8,26,970	8,26,970
Shares in HDFC Bank Ltd: 1,100 nos. Equity Shares of Rs.10/- each fully paid-up	11,000	11,000
Shares in Ramco Systems Ltd: 48,22,215 nos. Equity shares of Rs.10/- each fully paid up	122,16,19,454	122,16,19,454
Shares in Vysya Bank Housing Finance Ltd: 30,000 nos. Shares of Rs.10/-each	3,00,000	3,00,000
TOTAL	184,55,77,691	184,55,77,691
II UNQUOTED		
National Savings Certificates	52,000	52,000
Shares in Ramco Industries Employees Co-operative Stores Ltd, Arakkonam	2,500	2,500
Shares in Southern Asbestos Cement Employees Co-operative Stores Ltd, Karur	2,500	2,500
50,000 shares of Rs.10/- each in Otime Transport Company Ltd	5,00,000	5,00,000
2 nos. Shares of Rs.100/- each of Simandhar Shopping Centre Owners Association	200	200
1,00,000 units of Rs.10/- each in HDFC Balanced Fund	10,00,000	10,00,000
TOTAL	15,57,200	15,57,200
III INVESTMENTS IN SUBSIDIARIES (UNQUOTED):		
42,50,000 Equity Shares of Rs.10/- each fully paid-up in Sudharsanam Investments Limited	4,25,00,000	4,25,00,000
2,30,00,000 Equity Shares of SLR 10/- each fully paid-up in Sri Ramco Lanka (Private) Ltd, Sri Lanka	13,65,32,371	13,65,32,371
TOTAL	17,90,32,371	17,90,32,371
GRAND TOTAL	202,61,67,262	202,61,67,262
Aggregate amount of quoted investments :		
At cost	184,55,77,691	184,55,77,691
At Market value	592,96,63,088	681,27,51,895
Aggregate amount of unquoted investments at cost	18,05,89,571	18,05,89,571

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
7 INVENTORIES		
Stores and Spares	5,08,71,420	4,86,39,324
Raw Materials	34,99,93,427	48,64,68,520
Finished Goods	83,90,66,849	74,42,22,101
Stock in process	1,84,21,530	1,36,25,058
TOTAL	125,83,53,226	129,29,55,003
8 SUNDRY DEBTORS		
(see item No.07 of Schedule 21)		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	159,89,205	55,28,550
Considered doubtful	18,32,168	18,57,765
Less: Provision for Doubtful Debts	(18,32,168)	(18,57,765)
Other Debts, considered good	38,60,36,590	28,77,77,699
TOTAL	40,20,25,795	29,33,06,249
9 CASH & BANK BALANCES		
Cash on Hand	7,57,888	6,75,433
Bank Balances:		
With Scheduled Banks in Current Account	22,40,72,638	16,93,23,343
With Scheduled Banks in Short Term Deposit Account	8,66,695	35,29,854
With Scheduled Banks in Unpaid Dividend Account	28,06,478	37,47,670
TOTAL	22,85,03,699	17,72,76,300
10 LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or kind	51,33,95,036	36,02,53,145
Advance Income tax and Tax deducted at source	15,80,37,783	18,00,07,923
Deposits with Govt. Departments and Others	2,88,66,614	4,02,48,076
Prepaid Expenses	1,33,93,018	1,18,85,277
TOTAL	71,36,92,451	59,23,94,421
11 CURRENT LIABILITIES		
Sundry Creditors	27,03,76,255	26,72,30,700
Other Liabilities	17,29,30,775	16,38,71,266
Trade Deposits	13,06,95,301	10,73,41,849
Interest accrued and not due on loans / deposits	1,47,755	3,20,882
Unclaimed Dividend	28,06,478	37,47,670
TOTAL	57,69,56,564	54,25,12,367
12 PROVISIONS		
Proposed Dividend	3,46,65,224	3,46,65,224
Tax on Dividend	56,23,567	57,57,461
Provision for Taxation	18,20,00,000	18,00,00,000
Provision for Leave Encashment	2,60,43,038	2,20,47,796
TOTAL	24,83,31,829	24,24,70,481

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
13 OTHER INCOME		
Interest received (TDS Rs.8,62,584/-)	59,59,602	83,82,584
Dividend received	3,95,75,101	14,57,61,903
Royalty received	10,36,49,355	7,49,79,136
Other Miscellaneous income	9,53,71,323	9,74,97,645
TOTAL	<u>24,45,55,381</u>	<u>32,66,21,268</u>
14 SALARIES, WAGES, BONUS ETC.,		
Salaries, Wages and Bonus	26,34,52,227	21,49,35,220
Gratuity & Superannuation Fund Contribution	1,17,88,482	1,13,94,317
Provident Fund Contribution	2,13,95,274	1,69,13,093
Workmen & Staff Welfare Expenses	2,09,31,180	1,84,78,989
TOTAL	<u>31,75,67,163</u>	<u>26,17,21,619</u>
15 INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	18,92,11,292	19,70,70,928
Interest on Others	1,10,64,466	1,50,98,578
TOTAL	<u>20,02,75,758</u>	<u>21,21,69,506</u>
16 REPAIRS & MAINTENANCE		
Plant & Machinery	12,24,33,656	10,17,83,563
Buildings	83,70,834	88,96,788
Others	196,81,264	1,64,27,026
TOTAL	<u>15,04,85,754</u>	<u>12,71,07,377</u>
17 SELLING EXPENSES		
Advertisement & Sales Promotion	4,46,97,396	3,76,04,142
Discounts, Rebates etc.	11,45,05,404	10,04,90,922
Commission to Sole Selling Agents	3,04,12,303	2,98,33,223
TOTAL	<u>18,96,15,103</u>	<u>16,79,28,287</u>
18 ADMINISTRATIVE & OTHER EXPENSES		
Rent	54,55,374	38,33,505
Insurance	76,45,272	53,56,229
Directors' Sitting Fees	5,35,000	5,50,000
Telephones and communications	75,36,964	74,41,529
Travelling & Conveyance	3,21,36,858	2,75,71,274
Printing & Stationery	30,84,408	34,42,193
Vehicles / Aircraft Maintenance	1,42,54,255	1,02,80,041
Bank Charges	65,78,716	78,21,471
Audit, Accountancy & Legal Charges	2,02,82,947	2,21,80,279
Other Miscellaneous expenses	5,03,18,225	3,60,55,724
TOTAL	<u>14,78,28,019</u>	<u>12,45,32,245</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
19 INCREASE / (DECREASE) IN STOCK		
Closing Stock of Finished Goods	83,90,66,849	74,42,22,101
Closing Stock of Process Stock	1,84,21,530	1,36,25,058
	<u>85,74,88,379</u>	<u>75,78,47,159</u>
Opening Stock of Finished Goods	74,42,22,101	54,72,47,616
Opening Stock of Process Stock	1,36,25,058	1,11,93,834
	<u>75,78,47,159</u>	<u>55,84,41,450</u>
Increase / (Decrease)	9,96,41,220	19,94,05,709
ED on stock variance	41,54,926	(8,07,47,934)
Increase / (Decrease)	<u>10,37,96,146</u>	<u>11,86,57,775</u>

20. SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation of financial statements

- 1 The Company generally follows mercantile system of accounting and recognizes significant items of Income and Expenditure on accrual basis.
- 2 The financial statements are prepared under the Historical Cost convention and the accounts are prepared in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

B Sales

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

C Employee Benefits

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

3 Defined Benefit Plan:

Gratuity:The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Day's basic salary payable for each completed year of service. Vesting occurs upon completion of 5 years of continuous service. The Company makes annual contributions to funds administered by Trustees and managed by Life Insurance Corporation of India, based on the Actuarial Valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

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

SIGNIFICANT ACCOUNTING POLICIES (Contd.)

D Fixed Assets:

Fixed Assets are accounted at acquisition cost (net of CENVAT / VAT wherever applicable) less accumulated depreciation. Depreciation has been provided at the rates specified under rules / Schedule XIV to the Companies Act 1956 at the time of acquisition of the asset:

Under Straight Line Method in respect of Fibre Cement Sheet Plants at Arakkonam, Karur, Maksi, Silvassa and Corporate Office and Textiles Division.

Under Written Down Value Method in respect of Fibre Cement Sheet Plants at Kharagpur, Vijayawada, Bhuj & Gangaikondan, Calcium Silicate Board Plant at Arakkonam, Plastic Storage Container units at Silvassa and Maksi, Clinker Grinding unit at Kharagpur and Wind Electric Generators.

The land acquired under lease are amortized equally over the lease period and such amount is included in depreciation.

E Valuation of Inventories:-

- 1 Raw-materials, stores, spares and packing materials are valued at cost, computed on a moving weighted average basis except Fibre, which is valued at lot basis, including the cost incurred in bringing the inventories to their present location and condition or net realizable value whichever is lower.
- 2 Process Stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs, including a systematic allocation of production and administration overheads.
- 3 Finished goods are valued at cost or net realizable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to its present location and condition. In accordance with the Accounting Standard (AS-2) excise and customs duty have been included in the valuation. This has no impact on the profits.

F Investments

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

G Contingent Liabilities

Provisions including substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is possible that there will be an outflow of resources. Un-provided contingent liabilities disclosed in the accounts by way of notes. Contingent assets are not recognized.

H Research and Development Expenditure

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

I Income from Windmill

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

J Lease

Lease rentals are expensed off with reference to the lease terms.

K Borrowing Costs

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

L Earnings per Share

Earnings per share (EPS) is calculated by taking into account, the net profit after tax, divided by the number of Equity Shares outstanding as on the Balance Sheet date.

M Income Tax

The tax provision is considered as stipulated in AS 22 (Accounting for taxes on income) and includes both current and deferred tax liability. The Company recognizes the deferred tax liability based on the accumulated timing difference using the current tax rate.

SIGNIFICANT ACCOUNTING POLICIES (Contd.)

N Foreign Currency Transactions

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

O Segment Reporting

In terms of Accounting Standard (AS 17) relating to Segment reporting, the Company reports segment wise turnover / Income, Profit before interest and tax and return on capital employed as part of the financial statements.

P Subsidies and Government Grants:

Investment Subsidy/Grant received from the Government is treated as Capital Reserve or Revenue receipt based on the nature of subsidy/grant as per AS 12.

Interest Subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance Charges.

Q Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

21. NOTES ON ACCOUNTS:

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1. Contingent Liabilities not provided for: -		
a. Estimated amount of contracts remaining to be executed on Capital accounts	8,31,77,495	1,19,55,000
b. Bank Guarantees	2,55,93,673	18,20,23,938
c. Letters of Credit	7,91,78,751	1,47,08,148
d. Corporate Guarantee furnished by the Company for Ramco Systems Limited to support their credit facilities to their bankers.	50,00,00,000	35,00,00,000
Corporate Guarantee furnished by the Company for Sri Harini Textiles Ltd., to support their credit facilities to their bankers.	36,29,00,000	36,29,00,000
e. Sales Tax	89,00,000	89,00,000
2. Audit, Accountancy and Legal Charges include fees (inclusive of service tax) paid to Statutory Auditors towards:		
Statutory Audit Fees	6,61,800	6,61,800
Tax Audit Fees	44,120	44,120
Fees for certification	66,180	33,090
Expenses of Audit	2,24,468	3,18,501

NOTES ON ACCOUNTS (Contd.)

3. The break up of Deferred tax liability as at 31.03.2011 of Rs.2409 lacs is as under: Rs. In Lacs
- | | |
|--|------|
| Timing Difference on account of Tax effect on difference between book depreciation and depreciation under the Income – Tax Act, 1961 | 2502 |
| Tax effect of provision for Leave Encashment | (87) |
| Tax effect of provision for Bad and Doubtful Debts | (6) |
4. The Company has not utilized Short Term Loans for Long Term purposes.
5. Income Tax assessment has been completed upto the Accounting year 2007–2008 (i.e. Assessment year 2008-09). Demand's raised by the Department amounting to Rs.21.79 Crs which have been disputed by the company and necessary appeals have been filed. Based on the nature of the claim disputed, no provision has been considered necessary.
6. Sales Tax demands amounting to Rs.89 lacs have been disputed by the company and necessary appeals have been filed. Based on the nature of claim disputed, no provision has been considered necessary.
7. Sundry Debtors include Dues from Overseas Subsidiary Company viz., Sri Ramco Lanka (Private) Ltd., Sri Lanka to the extent of Rs.3,17,49,064/-. Maximum amount due during the year – Rs.7,55,81,346/-.
8. Current Liabilities:-
- There are no dues to Micro and Small Enterprises as at 31-3-2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
9. The Company's Shares are listed on Madras Stock Exchange, National Stock Exchange of India Ltd and The Stock Exchange, Mumbai and the listing fees in respect of all the three exchanges for the Financial year 2011 – 2012 have been paid.
10. a. Term Loans of Rs.5587.41 Lacs borrowed from banks for expansion of Textile and Wind Mill division under TUF Scheme are secured by paripasu first charge on the fixed assets and paripassu second charge on current assets of the Company.
- b. Term Loans of Rs.8700.00 Lacs borrowed from banks are secured by paripasu first charge on the fixed assets and paripasu second charge on current assets.
- c. External Commercial Borrowing Loan of USD.4.25 Million amounting to Rs.2118.50 lacs borrowed from DBS Bank Ltd, Singapore is secured by paripasu first charge on the fixed assets and paripasu second charge on current assets in favour of Security Trustee DBS Bank, Chennai.
- d. The Working Capital Borrowings of the Company are secured by hypothecation of Stocks of raw materials, work-in-progress, stores, spares and finished goods and book debts and second charge on fixed assets.
11. The premium on forward exchange contracts not intended for trading or speculative purpose is amortized as expense over the life of the contract, During the current year Rs.29.02 lacs (PY:Rs.42.39 lacs) has been amortized and the same is included in Interest and finance charges.
12. As per Accounting Standard 15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:	Rs.
	2010-11
Employer's Contribution to Provident Fund	2,13,95,274
Employer's Contribution to Superannuation Fund	29,60,855

NOTES ON ACCOUNTS (Contd.)

Rs. in thousands

	Gratuity (Funded)	Leave Encashment (Unfunded)
Reconciliation of opening and closing balances of defined benefit plan:		
Defined Benefit obligation as on 1-4-2010	67258	22048
Current Service Cost	5300	1809
Interest Cost	5238	1632
Actuarial (gain) / loss	205	3851
Benefits paid	(3571)	(3297)
Past Service Cost (Vested Benefits)	3779	0
Defined Benefit obligation as on 31-3-2011	78209	26043
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 1-4-2010	67258	0
Expected return on plan assets	5574	0
Actuarial gain / (loss)	623	0
Employer contribution	8402	3297
Benefits paid	(3571)	(3297)
Fair value of plan assets as on 31-3-2011	78286	0
Actual Return of plan assets:		
Expected return on plan assets	5574	0
Actuarial gain / (loss) on plan assets	623	0
Actual return on plan assets	6197	0
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	78286	0
Present value of obligation	78209	26043
Difference	(77)	26043
Unrecognized transitional liability		0
Unrecognized past service cost – non vested benefits		0
Amount recognized in Balance Sheet		26043
Expense recognized during the year:		
Current Service Cost	5300	1809
Interest Cost	5238	1632
Expected return on plan assets	(5574)	0
Net Actuarial (gain) / loss recognized in the year	(418)	3851
Transitional liability recognized in the year	0	0
Past service cost - non-vested benefits	0	0
Past service cost - vested benefits	3779	0
Effect of Limit as per para 59(b) read with para 61(g) of AS15R	6	0
Net Cost	8331	7292
Investment Details as on 31-3-2011:		
GOI Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Funds with LIC	100.00%	0.00%
Bank balance	0.00%	0.00%
Others	0.00%	0.00%

NOTES ON ACCOUNTS (Contd.)

Rs. in thousands

	Gratuity (Funded)	Leave Encashment (Unfunded)
Actuarial assumptions:		
Discount rate p.a	8.00%	8.00%
Expected rate of return on plan assets p.a	8.00%	0.00%
Rate of escalation in salary p.a	6.00%	6.00%

13. The Company has availed Incentives of Rs.111.14 Lacs during the year under the “Kutch Development Scheme 2001” in respect of its Fibre Cement Plant at Anjar, Bhuj in the State of Gujarat. The Scheme, inter-alia, stipulates investment of the amount equivalent to 50% of the Incentives availed in the new project in the State of Gujarat within a period of 10 years from the date of commencement of commercial production. The Company had obtained a Legal Opinion on the manner of treatment of these subsidies. During the year incentives amounting to Rs.55.57 lacs has been capitalized (PY:Rs.654.42 lacs) together with Rs.1205.14 lacs capitalized upto 31.03.2010, the incentives capitalized so far is Rs.1260.71 lacs, being 50% of the total incentives of Rs.2521.42 lacs availed upto 31.03.2011.

The Company is eligible for Incentives under the “West Bengal Incentive Scheme 2000” in respect of its Fibre Cement Plant and Clinker Grinding unit at Kharagpur in the State of West Bengal. A sum of Rs.564.12 lacs (Previous Year: Rs.446.72 lacs) accrued as Industrial Promotion Assistance is credited to Profit and Loss Account.

Interest subsidy under Technology Upgradation Fund (TUF) is credited to interest and finance charges account.

14. Earnings Per Share:

Particulars	For the year ended	
	31.03.2011	31.03.2010
Net Profit after Tax (A)	53,20,80,921	53,59,54,495
No. of Shares (B)	866,63,060	866,63,060
Basic and Diluted earnings per share of Rs.1 each (A/B)	6.14	6.18

15. The Company has capitalized borrowing cost amounting to Rs.0.35 Crs for Gangaikondan Plant and Rs.0.66 Crs for Bihiya Plant.



RAMCO INDUSTRIES LIMITED
NOTES ON ACCOUNTS (CONTD.)

16. Additional information as required in Schedule VI of the Companies Act, 1956:

(a) Capacities, Production and Stocks	Fibre Cement Sheets, Accessories & Fittings		Fibre Cement Pressure Pipes & Pipe Accessories		Calcium Silicate Board		Cotton yarn		Cement Clinker Grinding		Plastic Storage Tank	
	For the year ended 31.03.11 MT	For the year ended 31.03.10 MT	For the year ended 31.03.11 MT	For the year ended 31.03.10 MT	For the year ended 31.03.11 MT	For the year ended 31.03.10 MT	For the year ended 31.03.11 Spindles	For the year ended 31.03.10 Spindles	For the year ended 31.03.11 MT	For the year ended 31.03.10 MT	For the year ended 31.03.11 Litres	For the year ended 31.03.10 Litres
Installed Capacity	6,54,000	5,34,000	30,000	30,000	40,000	40,000	43,296	43,296	2,16,000	2,16,000	636.51 Lacs	636.51 Lacs
Opening Stock	1,18,378	91,415	-	-	9,901	9,148	99,696 Kgs	1,40,980 Kgs	69	283	-	8,42,340
Production for Sale	4,76,699	4,93,213	-	-	13,027	11,969	31,12,479 Kgs	33,24,443 Kgs	1,15,727	1,05,320	-	9,66,600
Closing Stock	1,14,744	1,18,378	-	-	8,546	9,901	1,79,147 Kgs	99,696 Kgs	441	69	-	68,990
Units generated from Windmills (KWH)	3,26,49,584	3,69,67,792	-	-	-	-	-	-	-	-	-	-
(b) Turnover							For the year ended 31.03.2011		For the year ended 31.03.2010			
							Quantity	Net Value Rs.	Quantity	Net Value Rs.		
Fibre Cement Sheets and Accessories (MT)							4,80,333	375,82,57,639	4,66,250	374,40,53,359		
Fibre Cement Pressure Pipes & Pipe Accessories (MT)							-	-	-	-		
Clinker grinding (MT)							1,15,355	27,80,03,251	1,05,534	24,09,78,794		
Calcium Silicate Board (MT)							14,382	31,83,84,416	11,216	25,60,69,398		
Export of Machinery							-	2,65,06,724	-	61,70,305		
Cotton Yarn (Kgs)							30,33,028	103,45,47,689	33,65,727	73,09,95,681		
Plastic Tank - Ltrs							68,990	66,976	17,40,850	36,76,805		
(c) Raw material consumed												
Fibre (MT)							43,186	141,16,53,203	45,452	149,24,37,442		
Cement (MT)							2,25,360	70,10,46,994	2,30,283	74,94,96,441		
Fly Ash (MT)							1,60,646	9,88,47,220	1,59,272	9,94,31,474		
Clinker (MT)							83,093	18,82,24,977	76,609	17,47,72,728		
Cotton (Kgs)							30,33,028	52,30,27,565	45,65,449	38,44,91,378		
Others (MT)							13,952	10,16,77,544	14,231	1,56,93,722		

NOTES ON ACCOUNTS (Contd.)

16. Additional Information as required by Schedule VI of the Companies Act, 1956:

	Year Ended 31.03.11 Rs.	Year Ended 31.03.10 Rs.		
(d) CIF Value of Imports				
Raw Materials	133,94,47,387	137,91,11,223		
Spares	41,67,002	1,28,34,535		
Capital Goods	6,45,00,498	4,75,34,861		
(e) Expenditure in Foreign Currency on account of Travelling & Other matters	52,01,119	1,11,02,634		
(f) Number of Non - resident Shareholders	150	98		
(g) Amount remitted in Foreign currency on account of dividends	NIL	NIL		
	Year Ended 31.03.11 Value Rs.	Year Ended 31.03.10 Value Rs.	Percentage	Percentage
(h) Value of Consumption of Imported and indigenous raw materials and spares				
Raw Materials				
Imported	167,70,15,810	144,03,08,703	55%	49%
Indigenous	134,74,61,693	147,60,14,482	45%	51%
Spares				
Imported	35,19,985	-	3%	-
Indigenous	10,00,42,139	11,15,03,898	97%	100%
(i) Earnings in Foreign Currency				
Export of Goods	16,09,41,088	11,79,50,449		
Royalty Income	10,36,49,355	7,49,79,136		
Dividend from Srilankan Subsidiary	93,87,961	1,92,23,452		

17. Computation of Profits as per the provisions of section 349 of the Companies Act 1956, for the purpose of determining remuneration to Vice Chairman and Managing Director for the period ended 31.03.2011

	Rs.	Rs.
Net Profit After Tax as per Profit And Loss Account		53,20,80,921
Add:		
Provision for Current Tax	18,20,00,000	
Provision for Deferred Tax	(2,30,00,000)	
Directors Sitting Fees	5,35,000	
Remuneration of Managing Director	3,51,73,049	
Profit for the year		19,47,08,049
Remuneration to Managing Director at 5% of the Net Profit		72,67,88,970
		3,63,39,449
Less remuneration received from Ramco Systems Limited in which the Managing Director is CEO and Managing Director		11,66,400
Remuneration payable to Managing Director in accordance with the provisions.		3,51,73,049
Break up of remuneration:		Vice Chairman & Managing Director
Salary including allowance		11,52,000
Contribution to PF		86,400
Medical reimbursement		52,080
Commission		3,38,82,569
		3,51,73,049

NOTES ON ACCOUNTS (Contd.)

18. SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

As required under Accounting Standard (AS17), the Segmentwise Revenue, Results and Capital employed are furnished below:-

Particulars	Building Products		Textiles		Windmill		Others		Consolidated	
	Year Ended 31.3.2011	Year Ended 31.3.2010								
1. Revenue/Income from operations										
External Customers	445,53,11,956	431,51,78,397	104,24,71,764	74,38,82,134	11,84,92,388	12,11,29,627	12,26,04,716	9,53,60,593	573,88,80,824	527,55,50,751
Inter-segment	2,30,33,758	2,25,70,394	6,19,91,828	4,69,43,293	(8,50,25,586)	(6,95,13,687)	-	-	-	-
Total Revenue	447,83,45,714	433,77,48,791	110,44,63,592	79,08,25,427	3,34,66,802	5,16,15,940	12,26,04,716	9,53,60,593	573,88,80,824	527,55,50,751
2. Results										
Segment results										
Unallocated Corporate Expenses										
Operating Profit/ (Loss)	52,26,27,925	59,96,82,697	16,32,97,629	1,30,53,636	4,44,39,426	3,68,10,763	11,54,56,996	9,44,32,418	84,58,21,976	74,39,79,514
Interest expenses									20,02,75,758	21,21,69,506
Interest Income/Dividend income									4,55,34,703	15,41,44,487
Income Tax - Current									18,20,00,000	18,00,00,000
- Deferred									(2,30,00,000)	(3,00,00,000)
- Fringe Benefit Tax									53,20,80,921	53,59,54,495
Profit from Ordinary activities									-	-
Extraordinary Profit/Loss									-	-
Net Profit									53,20,80,921	53,59,54,495
3. Other Information										
Segment Assets	287,31,48,905	257,01,71,544	128,71,98,297	129,41,94,525	33,78,45,410	38,89,13,726	253,05,89,658	238,24,70,865	702,87,82,270	663,57,50,660
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-
Total Assets	287,31,48,905	257,01,71,544	128,71,98,297	129,41,94,525	33,78,45,410	38,89,13,726	253,05,89,658	238,24,70,865	702,87,82,270	663,57,50,660
Segment Liabilities	35,67,27,373	30,94,40,858	51,82,49,527	77,15,56,080	8,11,972	29,76,619	257,38,77,368	244,14,51,944	344,96,66,230	352,54,25,501
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	35,67,27,373	30,94,40,858	51,82,49,527	77,15,56,080	8,11,972	29,76,619	257,38,77,368	244,14,51,944	344,96,66,230	352,54,25,501
Capital Expenditure	29,57,84,322	31,46,98,534	6,26,10,800	5,78,14,181	-	-	6,11,76,120	2,03,68,834	41,95,71,242	39,28,81,549
Depreciation	11,94,48,207	10,92,83,889	10,52,79,126	10,08,99,177	5,60,83,917	6,62,38,240	1,39,57,548	1,30,55,938	29,47,68,798	28,94,77,244
Non - cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-

NOTES ON ACCOUNTS (Contd.)

19. RELATED PARTY DISCLOSURE

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

- a. Subsidiary Companies:
1. Sudharsanam Investments Ltd
 2. Sri Ramco Lanka (Private) Ltd., Sri Lanka
 3. Sri Ramco Roofings Lanka (Private) Ltd., Sri Lanka
- b. Key Management Personnel and relatives:
- P.R. Ramasubrahmaneya Rajha
P.R. Venketrana Raja
- c. Enterprises over which the above persons exercise significant influence and with which the company has transactions during the year.
- Rajapalayam Mills Ltd
Madras Cements Ltd
Ramco Systems Ltd
The Ramaraju Surgical Cotton Mills Ltd
Sri Vishnu Shankar Mill Ltd
Sandhya Spinning Mill Ltd
Thanjavur Spinning Mill Ltd
Sri Harini Textiles Ltd
Rajapalayam Spinners P Ltd

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

i. Export of Machinery and Spares:

Name of the related Party	Amount Rs.	Outstanding as on 31.03.2011 (Rs.)
Sri Ramco Lanka (Private) Ltd Machinery / Spares	265,06,725	8,93,031

ii. Service income:

Name of the related Party	Amount Rs.	Outstanding as on 31.03.2011 (Rs.)
Sri Ramco Lanka (Private) Ltd Royalty income – accrued but not due	10,36,49,355	3,08,56,033
The Ramaraju Surgical Cotton Mills Ltd - Conversion Charges	39,646	NIL
Rajapalayam Mills Ltd - Conversion Charges	22,63,962	NIL
Sandhya Spinning Mill Limited- Conversion Charges	56,408	NIL

iii. Sale of Goods:

Name of the related Party	Value Rs.	Outstanding as on 31.03.2011 (Rs.)
Sri Vishnu Shankar Mill Limited		
- Machinery and stores items	50,856	NIL
- Waste Cotton	2,09,001	NIL
- Building Products	1,30,844	NIL
- Cotton	38,95,926	NIL
Sandhya Spinning Mill Limited		
- Building Products	41,400	NIL
- Machinery and stores items	3,14,987	NIL
- Waste Cotton	1,19,62,529	NIL
- Cotton	43,06,447	NIL
- Cotton Yarn	59,45,403	NIL

NOTES ON ACCOUNTS (Contd.)

Name of the related Party	Value Rs.	Outstanding as on 31.03.2011 (Rs.)
Sri Harini Textiles Limited		
- Building Products	58,900	NIL
- Waste Cotton	74,66,810	NIL
Rajapalayam Mills Limited		
- Building Products	85,029	NIL
- Waste Cotton	2,19,05,744	NIL
- Cotton	1,00,67,649	NIL
- Machinery and stores items	9,724	NIL
Rajapalayam Spinners Pvt.Ltd		
- Building Products	51,551	NIL
- Waste Cotton	21,90,579	NIL
- Machinery and stores items	13,15,373	NIL
The Ramaraju Surgical Cotton Mills Ltd		
- Building Products	1,18,600	NIL
- Waste Cotton	1,65,88,313	NIL
- Sale of vehicle	2,34,539	NIL
Madras Cements Limited		
- Building Products	5,12,766	NIL
iv. Purchase of Goods:		
Madras Cements Ltd		
- Cement	39,97,56,207	NIL
- Flyash	11,69,973	NIL
- Power	67,35,142	NIL
- Spares	1,18,417	NIL
Rajapalayam Mills Limited		
- Cotton	1,15,90,780	NIL
- Conversion Charges	15,54,233	NIL
- Spares	86,576	NIL
Sri Harini Textiles Limited		
- Machinery	86,70,000	NIL
Sandhya Spinning Mill Ltd		
- Spares	19,428	NIL
- Conversion Charges	1,30,798	NIL
- Cotton	1,18,63,703	NIL
The Ramaraju Surgical Cotton Mills Ltd		
- Conversion Charges	5,49,555	NIL
Sri Vishnu Shankar Mills Ltd		
- Cotton	81,50,890	NIL
- Conversion Charges	3,46,518	NIL
- Spares	5,522	NIL
- DEPB License	60,87,651	NIL
Thanjavur Spinning Mill Ltd		
- Cotton	28,54,515	NIL
Ramco Systems Limited		
- Software related service	1,12,43,763	NIL
v. Corporate Guarantees Issued:		
Ramco Systems Limited	50,00,00,000	50,00,00,000
Sri Harini Textiles Limited	36,29,00,000	36,29,00,000

NOTES ON ACCOUNTS (Contd.)

Name of the related Party	Outstanding as on 31.03.2011 (Rs.)
vi. Short Term Loans and Borrowings:	
Shri P.R. Venketrama Raja	98,92,027
Shri K.T. Ramachandran	1,00,000
vii. Intercompany Loans Given:	
Sudharsanam Investments Limited	8,35,45,270

20. SHORT TERM LOANS AND BORROWINGS UNDER "UNSECURED LOANS" INCLUDE LOANS FROM DIRECTORS AS PER THE FOLLOWING BREAK-UP:

Name	Closing Balance as on 31.03.2011 inclusive of interest accrued (Rs.)	Interest Accrued Rs.
Sri. P.R. Venketrama Raja	98,92,027	3,94,443
Sri. K.T. Ramachandran	1,00,000	7,199

21. Previous year's figures have been regrouped/restated wherever necessary so as to make them comparable with that of the current year.
22. Figures have been rounded off to the nearest rupee.

As per our Report Annexed

For M/s.M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	Rs. in lacs	
	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
A Cash flow from operating activities		
Net profit, after tax as per Profit and Loss Account	5320.81	5359.54
Adjusted for		
Provision for taxation		
Current tax	1820.00	1800.00
Deferred tax	(230.00)	(300.00)
Depreciation	2947.69	2894.76
Dividend Income	(395.75)	(1457.62)
Interest income	(59.60)	(83.83)
Interest paid	2002.76	2121.70
Royalty receipts	(1036.49)	(749.79)
Operating profit before working capital changes	10369.42	9584.76
Adjusted for		
Trade and other receivables	(2521.39)	-631.82
Inventories	346.02	-1958.42
Trade payables	384.47	-160.98
Cash generated from operations	8578.52	6833.54
Taxes paid	(1580.38)	(1800.00)
Net cash from operating activities	6998.14	5033.54
B Cash flow from Investing activities		
Purchase of fixed assets	(4224.24)	(3846.23)
Sale of fixed assets	33.88	124.92
Interest income	59.60	83.83
Dividend income	395.75	1457.62
State subsidy receipts	55.57	656.19
Royalty receipts	1036.49	749.79
Net cash used in Operating activities	(2642.95)	(773.88)
C Cash flow from financing activities		
Proceeds from long term borrowing	3493.87	(3232.37)
Short term borrowings, net	(990.00)	(1951.51)
Working capital changes	(3434.51)	4029.45)
Dividend paid	(909.51)	(709.74)
Interest paid	(2002.76)	(2121.70)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011 (Contd...)

	Rs. in lacs	
	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
Net cash from financing activities	(3842.91)	(3985.87)
Net increase / (decrease) in cash and cash equivalents	512.28	278.81
Opening balance of cash and cash equivalents	1772.76	1493.95
Closing balance of cash and cash equivalents	2285.04	1772.76

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S. KRISHNAN
Company Secretary

Place : Chennai,
Date : 25th May, 2011

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R. S. AGARWAL
Directors

AUDITORS' CERTIFICATE

To

The Board of Directors
Ramco Industries Limited, Chennai-4

We have examined the above cash flow statement of Ramco Industries Limited. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreements entered into with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report of 25th May, 2011 to the members of the Company

For M/s. M.S. Jagannathan & N. Krishnaswami
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s. CNGSN & Associates
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

Place : Chennai,
Date : 25th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date (Refer Code List)
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

Total Liabilities Total Assets
 Sources of Funds:
 Paid up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability
 Application of Funds:
 Net Fixed assets Investments
 Net Current assets Misc. Expenditure
 Accumulated Losses

IV. PERFORMANCE OF COMPANY

Turnover and Other Income Total Expenditure
 Profit before Tax Profit After Tax
 Earnings Per share in Rs. Dividend rate %

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per Monetary terms)

Item Code No. (ITC Code)
 Product Description

 Item Code No. (ITC Code)
 Product Description

 Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

- I Name of Subsidiary Company : **SUDHARSANAM INVESTMENTS LIMITED** (Wholly Owned Subsidiary)
- 1 The Company holds 42,50,000 shares of Rs.10/- each as on 31.03.2011
 - 2 The Net Profit of Rs.14,82,544/- of the Subsidiary Company for the year ended 31.03.2011 has not been dealt with in the Company's account.
 - 3 The Cumulative Net Profit of Rs.1536241/- for the previous financial years ended upto 31.03.2010 have not been dealt with in the Company's accounts.
- II Name of Subsidiary Company : **SRI RAMCO LANKA (PRIVATE) LIMITED, SRI LANKA** (Wholly Owned subsidiary)
- 1 The Company holds 2,30,00,000 shares of SLR.10/- each as on 31.03.2011
 - 2 The Net Profit of SLR.20,95,33,613/- after providing Taxation, of the Subsidiary Company for the year ended 31.03.2011 has not been dealt with in the Company's account.
 - 3 The Cumulative Net Profit of SLR.71,65,98,190/- for the previous financial years ended upto 31.03.2010 have not been dealt with in the Company's accounts.
- III Name of Subsidiary Company : **SRI RAMCO ROOFINGS LANKA (PRIVATE) LIMITED, SRI LANKA**
Wholly Owned subsidiary of Sri Ramco Lanka (Private) Limited
- 1 Sri Ramco Lanka (Private) Limited holds 20,00,000 shares of SLR.10/- each as on 31.03.2011
 - 2 The Pre-operative expenses of SLR.78,36,493/- incurred during the year ended 31/03/2011 has not been dealt with in the Company's account.
 - 3 This subsidiary was incorporated on 9th Nov, 2010. Since this is the first year of operation there is no accumulated profit / loss.

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
DR. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai,
Date : 25th May, 2011

S. KRISHNAN
Company Secretary

RAMCO INDUSTRIES LIMITED
DETAILS OF SUBSIDIARY COMPANIES
for the year ended 31.03.2011

Sl.No.	Name of Subsidiary Company	Sudharsanam Investments Limited, Rajapalaiyam (in INR)	Sri Ramco Lanka (Private) Limited, Sri Lanka	Sri Ramco Roofings Lanka (Private) Limited, Sri Lanka
1	Capital	4,52,00,000	SLR 23,00,02,020 INR 13,65,32,371	2,00,02,020 80,80,816
2	Reserves & Surplus	30,18,785	SLR 90,31,31,601 INR 34,38,53,515	(78,36,494) (31,65,943)
3	Total Assets	12,90,64,055	SLR 1,15,25,13,835 INR 48,81,03,726	1,21,65,527 49,14,873
4	Total Liabilities	12,90,64,055	SLR 115,25,13,835 INR 48,81,03,726	1,21,65,527 49,14,873
5	Total Investments	12,86,25,155	SLR 2,00,00,000 INR 80,80,000	NIL NIL
6	Total Income	14,91,300	SLR 259,07,21,115 INR 105,33,87,205	NIL NIL
7	Profit before Taxation	14,82,544	SLR 35,22,67,770 INR 14,54,14,211	(78,36,493) (31,65,943)
8	Provision for Taxation	NIL	SLR 14,27,34,157 INR 57,66,54,599	NIL NIL
9	Profits after Taxation	14,82,544	SLR 20,95,33,613 INR 8,77,49,612	(78,36,493) (31,65,943)
10	Proposed Dividends	NIL	SLR 2,30,00,202 INR 93,87,962	NIL NIL

Exchange rate as on 31.03.2011 - 1 Sri Lankan Rupee (SLR) = INR 0.404

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF RAMCO INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Ramco Industries Limited and its subsidiaries as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011.

These financial statements are the responsibility of the management of Ramco Industries Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free from material misstatements. 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 statements. We believe our audit provides a reasonable basis for our opinion.

We did not audit the separate financial statements of the subsidiaries, Sudharsanam Investments Limited, Sri Ramco Lanka (Private) Limited and Sri Ramco Roofings Lanka (Private) Limited. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Ramco Industries Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of Ramco Industries Limited and its aforesaid subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of Ramco Industries Limited and its subsidiaries as at March 31, 2011; and
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of the operations of Ramco Industries Limited and its subsidiaries for the year then ended.
- (c) In the case of the Consolidated Cash Flow statements of the Cash flows of Ramco Industries Limited and its subsidiaries for the year then ended.

For **M/s. M.S. JAGANNATHAN & N. KRISHNASWAMI**

Chartered Accountants

FRN : 001208S

K. SRINIVASAN

Partner

Membership No. 21510

For **M/s. CNGSN & ASSOCIATES**

Chartered Accountants

FRN : 004915S

C.N. GANGADARAN

Partner

Membership No.11205

Place : Chennai

Date : 25th May 2011

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	As at 31.03.2011		As at 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1 SHAREHOLDERS' FUNDS					
(a) Share Capital	1	8,66,84,251		8,66,63,060	
(b) Reserves & Surplus	2	397,15,15,716		346,60,26,687	
			405,81,99,967		355,26,89,747
2 LOAN FUNDS					
(a) Secured Loans	3	197,28,71,726		196,65,31,788	
(b) Unsecured Loans	4	41,13,83,027		51,03,83,030	
			238,42,54,753		247,69,14,818
3 DEFERRED TAX LIABILITY					
			24,79,52,691		27,20,29,979
TOTAL (I)			669,04,07,411		630,16,34,544
II. APPLICATION OF FUNDS					
1 FIXED ASSETS					
Gross Block	5	484,12,43,059		445,42,50,625	
Less: Depreciation		244,59,01,792		216,27,57,081	
Net Block		239,53,41,267		229,14,93,544	
Add: Capital works in progress		28,49,11,215		27,29,49,583	
			268,02,52,482		256,44,43,127
2 INVESTMENTS					
	6		197,57,60,046		197,57,60,046
3 CURRENT ASSETS					
LOANS AND ADVANCES					
a) Interest accrued on Investments & Deposits		15,01,304		179,921	
b) Inventories	7	137,70,03,551		141,81,19,147	
c) Sundry Debtors	8	43,25,18,883		36,70,08,206	
d) Cash & Bank Balances	9	51,67,12,344		32,49,33,034	
e) Loans & Advances	10	64,30,36,969		51,35,34,987	
		297,07,73,051		262,37,75,295	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	11	68,61,47,872		61,05,18,817	
Provisions	12	25,02,30,296		25,18,25,107	
		93,63,78,168		86,23,43,924	
4 NET CURRENT ASSETS					
			203,43,94,883		176,14,31,371
TOTAL (II)			669,04,07,411		630,16,34,544
Contingent Liabilities as per note annexed					
Significant Accounting Policies	20				
Notes on Accounts	21				
The Schedules referred to above form part of the accounts					

As per our Report Annexed

For M/s.M.S. JAGANNATHAN &
N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
INCOME			
Sales		709,52,26,838	613,47,14,280
Less: Excise duty and Cess		<u>57,67,51,108</u>	<u>38,56,66,802</u>
Net sales		651,84,75,730	574,90,47,478
Power generated from Windmills		11,84,92,388	12,11,29,627
Other Income	13	14,99,03,021	24,76,20,940
Increase / (Decrease) in stocks	19	<u>8,47,37,592</u>	<u>10,55,00,028</u>
		<u>687,16,08,731</u>	<u>622,32,98,073</u>
EXPENDITURE			
Raw Materials consumed		367,10,27,552	341,14,96,414
Stores consumed		12,08,12,418	12,17,16,767
Power and Fuel		41,91,09,654	35,72,67,446
Salaries, Wages, Bonus etc.	14	35,37,33,721	29,19,33,415
Managerial Remuneration		3,51,73,049	3,49,04,026
Rates and Taxes		2,30,11,970	2,04,05,812
Interest and Finance charges	15	20,02,77,729	21,25,88,111
Repairs and Maintenance	16	17,97,25,075	14,68,12,123
Selling expenses	17	28,96,93,099	19,72,32,148
Administrative and Other expenses	18	16,11,76,276	13,39,29,194
Transportation and handling expenses		27,90,00,835	23,50,77,620
Depreciation		30,46,85,664	30,73,23,072
Corporate Social Responsibility Expenses		1,07,44,403	129,70,242
Exceptional items		-	99,74,514
Provision for Taxation			
Current		24,08,53,655	21,31,27,870
Deferred		<u>(2,41,89,056)</u>	<u>(3,21,78,331)</u>
		<u>6,26,48,36,044</u>	<u>567,45,80,443</u>
PROFIT FOR THE YEAR		60,67,72,687	54,87,17,630
Add: Balance in P&L A/c b/f		33,57,21,657	29,30,52,864
Balance available for Appropriation		<u>94,24,94,344</u>	<u>84,17,70,494</u>
Appropriated as :			
Transfer to General Reserve		42,00,00,000	42,00,00,000
Equity Dividend -Interim		4,33,31,530	3,89,98,378
Equity Dividend -Final		3,46,65,224	3,46,65,224
Tax on Dividend		1,28,20,393	1,23,85,235
Balance carried over to Balance Sheet		<u>43,16,77,197</u>	<u>33,57,21,657</u>
		<u>94,24,94,344</u>	<u>84,17,70,494</u>
Earnings per Share			
Basic and Diluted Earnings Per Share of Re.1 each		7	6

As per our Report Annexed

For M/s.M.S. JAGANNATHAN &
N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No. 21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1 SHARE CAPITAL		
Authorised:		
20,00,00,000 Equity Shares of Re.1/-each Issued, Subscribed and Paid-up	<u>20,00,00,000</u>	<u>20,00,00,000</u>
8,66,84,251 Equity shares of Re.1/- each fully paid up (Of the above 7,66,81,530 equity shares were allotted as fully paid bonus shares) (Includes 202 Equity Shares of Rs.10/- each fully paid-up in Sri Ramco Roofings Lanka Pvt Ltd.)	<u>8,66,84,251</u>	<u>8,66,63,060</u>
2 RESERVES AND SURPLUS		
Share Premium	2,09,53,206	2,09,53,206
General Reserve:		
As per Last Balance Sheet	297,38,37,637	
Add: Transfer during the year	<u>42,00,00,000</u>	
	339,38,37,637	
Less: Translation difference on account of consolidation	<u>(1,60,23,478)</u>	297,38,37,637
State Investment Subsidy	14,10,71,154	13,55,14,187
Balance in Profit & Loss Account	<u>43,16,77,197</u>	<u>33,57,21,657</u>
TOTAL	<u>397,15,15,716</u>	<u>346,60,26,687</u>
3 SECURED LOANS (see item no.9 of schedule 21)		
TERM LOAN		
Rupee Loan from Banks	164,05,90,614	129,12,04,029
OTHERS		
Working Capital loan from Banks	<u>33,22,81,112</u>	<u>67,53,27,759</u>
TOTAL	<u>197,28,71,726</u>	<u>196,65,31,788</u>
4 UNSECURED LOANS		
FIXED DEPOSITS		
From Directors	99,92,027	86,26,030
From Others	13,91,000	17,57,000
SHORT TERM LOANS		
Rupee Loans from Banks	<u>40,00,00,000</u>	<u>50,00,00,000</u>
TOTAL	<u>41,13,83,027</u>	<u>51,03,83,030</u>

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2011

5. FIXED ASSETS

Particulars	GROSS BLOCK						DEPRECIATION		NET BLOCK	
	As at 01.4.2010	Additions	Withdrawals/ Adjustments	As at 31.3.2011	For the year	Up to 31.3.2011	As at 31.3.2011	As at 31.3.2010		
LAND	21,56,93,956	12,75,693	-	21,69,69,649	-	-	21,69,69,649	21,56,93,956		
LAND - LEASEHOLD	12,73,333	-	-	12,73,333	19,328	2,82,533	9,90,800	10,04,499		
BUILDINGS	65,16,88,077	9,91,55,961	-	75,08,44,038	3,31,99,227	23,90,39,329	51,18,04,709	45,38,56,233		
RAILWAY SIDINGS	20,68,254	-	-	20,68,254	-	19,64,841	1,03,413	1,03,413		
PLANT & MACHINERY	322,22,37,488	23,64,96,019	54,21,850	345,33,11,657	24,71,28,149	200,68,55,352	144,64,56,305	147,25,42,544		
ELECTRICAL MACHINERY	23,08,01,302	2,93,31,420	10,03,039	25,91,29,683	1,66,87,552	14,52,77,890	11,38,51,793	10,27,93,437		
FURNITURE AND OFFICE EQUIPMENTS	3,79,14,648	19,35,816	1,32,344	3,97,18,120	19,56,467	2,54,96,942	1,42,21,178	1,46,26,203		
VEHICLES	4,14,79,412	81,77,259	36,36,188	4,60,20,483	41,87,228	2,16,63,565	2,43,56,918	2,08,75,345		
AIRCRAFT [®]	1,38,11,541	5,80,96,301	-	7,19,07,842	15,07,713	53,21,340	6,65,86,502	99,97,914		
TOTAL	441,69,68,011	43,44,68,469	1,01,93,421	484,12,43,059	30,46,85,664	244,59,01,792	239,53,41,267	229,14,93,544		

[®] Represents Company's share in joint ownership

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO BALANCE SHEET AS AT 31st March 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
6. INVESTMENTS		
I QUOTED		
Shares in Madras Cements Ltd: 522,95,020 nos. Equity shares of Re.1/- each fully paid-up	71,02,10,061	71,02,10,061
Shares in Rajapalayam Mills Ltd: 4,33,680 nos. Equity Shares of Rs.10/- each fully paid-up	4,11,08,780	4,11,08,780
Shares in HDFC Ltd: 3,10,200 nos. Equity Shares of Rs.2/- each fully paid-up (face value of Rs.10/- each subdivided into Rs.2/- each during the year)	8,26,970	8,26,970
Shares in HDFC Bank Ltd: 1,100 nos. Equity Shares of Rs.10/- each fully paid-up	11,000	11,000
Shares in Indian Bank: 1391 nos. Equity Shares of Rs. 10 each fully paid-up	126,581	126,581
Shares in Ramco Systems Ltd: 48,22,215 nos. Equity shares of Rs.10/- each fully paid up	122,16,19,454	122,16,19,454
Shares in Vysya Bank Housing Finance Ltd: 30,000 nos. Equity Shares of Rs.10/- each fully paid up	3,00,000	3,00,000
TOTAL	197,42,02,846	197,42,02,846
II UNQUOTED		
National Savings Certificates	52,000	52,000
Shares in Ramco Industries Employees Co-operative Stores Ltd, Arakkonam	2,500	2,500
Shares in Southern Asbestos Cement Employees Co-operative Stores Ltd, Karur	2,500	2,500
2 nos. shares Simandhar Shopping Centre Owners Association	200	200
1,00,000 units of Rs.10/- each in HDFC Balanced Fund	10,00,000	10,00,000
5000 nos. Shares of Rs.10/- each in OnTime Transport Co. Ltd	5,00,000	5,00,000
TOTAL	15,57,200	15,57,200
Total Investments	197,57,60,046	197,57,60,046
Aggregate amount of quoted investments :		
At cost	197,42,02,846	197,42,02,846
At Market value	623,37,39,158	717,58,83,445
Aggregate amount of unquoted investments at cost	15,57,200	15,57,200

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2011

	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
7 INVENTORIES		
(Valued at the lower of cost or net realisable value)		
Stores and Spares	9,26,51,141	6,01,90,719
Raw Materials	36,71,56,557	52,13,15,241
Finished Goods	89,87,74,323	82,29,88,129
Stock in process	1,84,21,530	136,25,058
TOTAL	137,70,03,551	141,81,19,147
8 SUNDRY DEBTORS		
(Unsecured, Considered good)		
(a) Debts outstanding for a period exceeding six months	2,44,24,205	20,36,955
Considered Doubtful	18,32,168	18,57,765
Less: Provision for doubtful debts	(18,32,168)	(18,57,765)
(b) Other Debts	40,80,94,678	36,49,71,251
TOTAL	43,25,18,883	36,70,08,206
9 CASH & BANK BALANCES		
Cash on Hand	10,60,364	35,81,669
Bank Balances:		
With Scheduled Banks in Current Account	25,70,60,367	22,02,29,905
With Scheduled Banks in Short Term Deposit Account	25,57,85,135	9,73,73,790
With Scheduled Banks in Unpaid Dividend Account	28,06,478	37,47,670
TOTAL	51,67,12,344	32,49,33,034
10 LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or kind	44,16,86,091	28,12,67,006
Advance Income tax and Tax deducted at Source	15,81,40,938	18,01,34,628
Deposits with Govt. Departments and Others	2,98,16,922	4,02,48,076
Prepaid Expenses	1,33,93,018	1,18,85,277
TOTAL	64,30,36,969	51,35,34,987
11 CURRENT LIABILITIES		
For Sundry Creditors	29,92,65,524	31,72,13,485
For Other liabilities	25,08,42,385	18,05,29,622
Trade Deposits	13,30,85,730	10,87,07,158
Interest accrued and not due on loans/deposits	1,47,755	3,20,882
Unclaimed Dividend	28,06,478	37,47,670
TOTAL	68,61,47,872	61,05,18,817
12 PROVISIONS		
Dividends	3,46,65,224	3,46,65,224
Tax on Dividend	56,23,567	57,57,461
Provision for Taxation	20,99,41,505	21,14,02,422
TOTAL	25,02,30,296	25,18,25,107

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
13 OTHER INCOME		
Interest received from Banks	1,96,47,536	1,92,37,968
Dividend received	3,16,78,439	13,39,94,951
Other Miscellaneous income	9,85,77,046	9,43,88,021
TOTAL	14,99,03,021	24,76,20,940
14 SALARIES, WAGES, BONUS ETC.,		
Salaries, Wages and Bonus	29,19,19,333	23,88,45,958
Gratuity & Superannuation Fund Contribution	1,17,88,482	1,18,44,831
Provident Fund Contribution	2,43,55,019	1,86,49,414
Workmen & Staff Welfare Expenses	2,56,70,887	2,25,93,212
TOTAL	35,37,33,721	29,19,33,415
15 INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	18,92,11,292	19,70,70,928
Interest on Others	1,10,66,437	1,55,17,183
TOTAL	20,02,77,729	21,25,88,111
16 REPAIRS & MAINTENANCE		
Plant & Machinery	14,99,14,832	11,85,86,005
Buildings	97,63,224	1,10,11,936
Others	2,00,47,019	1,72,14,182
TOTAL	17,97,25,075	14,68,12,123
17 SELLING EXPENSES		
Advertisement & Sales Promotion	5,03,45,461	4,17,75,927
Discounts, Rebates etc	20,72,27,615	12,39,72,998
Commission to Sole Selling Agents	3,04,12,303	2,98,33,223
Bad and Doubtful debts	17,07,720	16,50,000
TOTAL	28,96,93,099	19,72,32,148
18 ADMINISTRATIVE & OTHER EXPENSES		
Rent	57,79,841	41,62,680
Insurance	86,53,786	64,23,126
Directors' Sitting fees	5,35,000	5,50,000
Postage, Telephone, Telegrams, Telex & Email charges	90,24,642	85,68,851
Travelling & Conveyance	3,53,37,264	3,00,86,633
Printing & Stationery	34,97,551	37,00,259
Vehicles/Aircraft maintenance	1,45,82,245	1,06,05,103
Bank Charges	77,65,204	87,94,735
Audit, Accountancy & Legal Charges	2,07,49,164	2,27,69,635
Loss on sale of assets	-	5,10,217
Other Miscellaneous expenses	5,52,51,579	3,77,57,955
TOTAL	16,11,76,276	13,39,29,194

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
19 INCREASE / (DECREASE) IN STOCK		
Closing Stock of Finished Goods	91,71,95,853	82,57,17,509
Opening Stock of Finished Goods	83,66,13,187	65,03,65,225
Increase / (Decrease)	8,05,82,666	17,53,52,284
Excise duty on stock variance	41,54,926	(6,98,52,256)
Increase / (Decrease)	8,47,37,592	10,55,00,028

20 SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial statements are prepared under the historical Cost convention and the accounts are prepared in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

b) PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Sudharsanam Investments Ltd., the Wholly Owned Subsidiary and Sri Ramco Lanka Private Ltd., the Wholly Owned Subsidiary and Sri Ramco Roofing Lanka Private Limited the Wholly Owned Subsidiary of Sri Ramco Lanka Private Ltd.

The Consolidated Financial Statements have been prepared on the following basis.

The Financial Statements of the Subsidiaries have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profits or losses.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

c) OTHER SIGNIFICANT ACCOUNTING POLICIES

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of Ramco Industries Limited.

As per our Report Annexed

For M/s.M.S. JAGANNATHAN &
N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

21. NOTES ON ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1. Contingent Liabilities not provided for:-		
a. Estimated amount of contracts remaining to be executed on Capital accounts	8,31,77,495	1,19,55,000
b. Bank Guarantees	2,55,93,673	18,20,23,938
c. Letters of Credit	7,91,78,751	1,47,08,148
d. Corporate Guarantee furnished by the Company for Ramco Systems Limited:		
To support their credit facilities to bankers	50,00,00,000	35,00,00,000
Corporate Guarantee furnished by the Company for Sri Harini Textiles Ltd:		
To support their credit facilities to bankers	36,29,00,000	36,29,00,000
e. Sales Tax	89,00,000	89,00,000
2. Audit, Accountancy and Legal Charges include fees (inclusive of service tax) paid to Statutory Auditors towards:		
Statutory Audit Fees	9,04,744	8,51,076
Tax Audit Fees	44,120	44,120
Fees for certification	66,180	33,090
Expenses of Audit	2,24,468	3,18,501
3. The break up of Deferred tax liability as at 31.03.2011 of Rs.2480 lacs is as under:		
Timing Difference on account of	Rs. In Lacs	
Tax effect on difference between book depreciation and depreciation under the Income –Tax Act, 1961	2582	
Tax effect of provision for Leave Encashment	(96)	
Tax effect of provision for Bad and Doubtful Debts	(6)	
4. The Company has not utilized Short Term Loans for Long Term purposes.		
5. Income Tax assessment has been completed upto the Accounting year 2007–2008 (i.e. Assessment year 2008-09). Demand raised by the Department amounting to Rs.21.79 Crs which have been disputed by the Company and necessary appeals have been filed. Based on the nature of the claim disputed, no provision has been considered necessary.		
6. Sales Tax demands amounting to Rs.89 lacs have been disputed by the Parent Company and necessary appeals have been filed. Based on the nature of claim disputed, no provision has been considered necessary.		
7. Current Liabilities:-		
There are no dues to Micro and Small Enterprises as at 31-3-2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
8. The Parent Company's Shares are listed on Madras Stock Exchange, National Stock Exchange of India Ltd and The Stock Exchange, Mumbai and the listing fees in respect of all the three exchanges for the Financial year 2010 – 2011 have been paid.		
9. a. Term Loans of Rs.5587.41 Lacs borrowed from banks for expansion of Textile and Wind Mill division under TUF Scheme are secured by paripasu first charge on the fixed assets and paripassu second charge on current assets of the Company.		
b. Term Loans of Rs.8700.00 Lacs borrowed from banks are secured by paripasu first charge on the fixed assets and paripasu second charge on current assets.		
c. External Commercial Borrowing Loan of USD.4.25 Million amounting to Rs.2118.50 lacs borrowed from DBS Bank Ltd, Singapore is secured by paripasu first charge on the fixed assets and paripasu second charge on current assets in favour of Security Trustee, DBS Bank, Chennai.		
d. The Working Capital Borrowings of the Company are secured by hypothecation of Stocks of raw materials, work-in-progress, stores, spares and finished goods and book debts and second charge on fixed assets.		
10. The premium on forward exchange contracts not intended for trading or speculative purpose is amortized as expense over the life of the contract, during the current year Rs.29.02 lacs (PY:Rs.42.39 lacs) has been amortized and the same is included in interest and finance charges.		

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES ON ACCOUNTS (Contd.)

11. Reconciliation on Translation difference on account of consolidation disclosed under Reserve & Surplus:

Translation reserves on account of Sri Lankan subsidiaries – Opening:	Rs. 240,89,180
Translation reserves on account of Sri Lankan subsidiaries – Closing :	Rs. 420,99,143
	Rs.(-)180,09,963
Profits on exports from Parent Company to Subsidiary	Rs. 19,86,485
Net difference on account of consolidation	Rs.(-)160,23,478

12. The Parent Company has availed Incentives of Rs.111.14 Lacs during the year under the “Kutch Development Scheme 2001” in respect of its Fibre Cement Plant at Anjar, Bhuj in the State of Gujarat. The Scheme, inter-alia, stipulates investment of the amount equivalent to 50% of the Incentives availed in the new project in the State of Gujarat within a period of 10 years from the date of commencement of commercial production. The Parent Company had obtained a Legal Opinion on the manner of treatment of these subsidies. During the year incentives amounting to Rs.55.57 lacs has been capitalized (PY:Rs.654.42 lacs) together with Rs.1205.14 lacs capitalized upto 31.03.2010, the incentives capitalized so far is Rs.1260.71 lacs, being 50% of the total incentives of Rs.2521.42 lacs availed upto 31.03.2011.

The Parent Company is eligible for Incentives under the “West Bengal Incentive Scheme 2000” in respect of its Fibre Cement Plant and Clinker Grinding unit at Kharagpur in the State of West Bengal. A sum of Rs.564.12 lacs (Previous Year: Rs.446.72 lacs) accrued as Industrial Promotion Assistance is credited to Profit and Loss Account.

Interest subsidy under Technology Upgradation Fund (TUF) is credited to interest and finance charges account.

13. Earnings Per Share:

Particular	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
Net Profit after Tax (A)	60,67,72,687	54,87,17,630
No. of Shares (B)	8,66,84,251	8,66,63,060
Basic and Diluted earnings per share of Re.1 each (A/B)	7.00	6.33

14. The Parent Company has capitalized borrowing cost amounting to Rs.0.35 Crs for Gangaikondan Plant and Rs.0.66 Crs for Bihiya Plant

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES ON ACCOUNTS (Contd...)

15. SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

As required under Accounting Standard (AS17), the Segmentwise Revenue, Results and Capital employed are furnished below:-

Particulars	Building Products		Textiles		Windmill		Others		Consolidated	
	Year Ended 31.3.2011	Year Ended 31.3.2010								
1. Revenue/Income from operations										
External Customers	546,33,68,631	479,58,69,215	104,24,71,764	73,14,83,254	11,84,92,388	12,11,29,627	16,25,38,356	14,52,75,122	678,68,71,139	579,37,57,218
Inter-segment	2,30,33,758	2,25,70,394	6,19,91,828	4,69,43,293	(8,50,25,596)	(6,95,13,687)	-	-	-	-
Total Revenue	548,64,02,389	481,84,39,609	110,44,63,592	77,84,26,547	3,34,66,802	5,16,15,940	16,25,38,356	14,52,75,122	678,68,71,139	579,37,57,218
2. Results										
Segment results										
Unallocated Corporate Expenses										
Operating Profit/ (Loss)	82,79,21,131	83,00,25,571	16,32,97,829	1,30,53,636	4,44,39,426	3,68,10,763	(1,19,43,171)	6,23,65,310	102,37,15,015	94,22,55,280
Interest expenses									20,02,77,729	21,25,88,111
Interest Income/ Dividend Income									24,08,53,655	21,31,27,870
Income Tax - Current									(2,41,89,056)	(3,21,78,331)
- Deferred									60,67,72,687	54,87,17,630
- Fringe Benefit Tax										
Profit from Ordinary activities										
Extraordinary Profit/Loss										
Net Profit									60,67,72,687	54,87,17,630
3. Other Information										
Segment Assets	336,34,18,493	296,69,94,565	128,71,98,297	129,41,94,525	33,78,45,410	38,89,13,726	248,01,82,442	233,20,63,649	746,86,44,642	698,21,66,465
Unallocated corporate assets										
Total Assets	336,34,18,493	296,69,94,565	128,71,98,297	129,41,94,525	33,78,45,410	38,89,13,726	248,01,82,442	233,20,63,649	746,86,44,642	698,21,66,465
Segment Liabilities	46,85,49,657	38,65,89,784	51,82,49,527	77,15,56,080	8,11,972	29,76,619	254,06,85,664	240,96,59,684	352,82,96,820	357,07,82,167
Unallocated corporate liabilities										
Total Liabilities	46,85,49,657	38,65,89,784	51,82,49,527	77,15,56,080	8,11,972	29,76,619	254,06,85,664	240,96,59,684	352,82,96,820	357,07,82,167
Capital Expenditure	31,06,81,549	31,81,82,142	6,26,10,800	5,78,14,181	-	-	6,11,76,120	2,03,68,834	43,44,68,469	39,63,65,157
Depreciation	12,93,65,073	12,71,29,717	10,52,79,126	10,08,99,177	5,60,83,917	6,62,38,240	1,39,57,548	1,30,55,938	30,46,85,664	30,73,23,072
Non - cash expenses other than depreciation										

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES ON ACCOUNTS (Contd...)

16. Related Party Disclosure

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

- a. Key Management Personnel and relatives:
P.R. Ramasubrahmaneya Rajha
P.R. Venketrama Raja
- b. Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year.

Rajapalayam Mills Ltd.
Madras Cements Ltd
Ramco Systems Ltd
The Ramaraju Surgical Cotton Mills Ltd
Sri Vishnu Shankar Mill Ltd
Sandhya Spinning Mill Ltd
Thanjavur Spinning Mill Ltd
Sri Harini Textiles Ltd
Rajapalaiyam Spinners P Ltd

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

Name of the related Party	Amount Rs.	Outstanding as on 31.03.2011 (Rs.)	Dr/Cr
i. Service Income :			
The Ramaraju Surgical Cotton Mills Ltd			
- Conversion Charges	39,646	NIL	
Rajapalaiyam Mills Ltd			
- Conversion Charges	22,63,962	NIL	
Sandhya Spinning Mill Limited			
- Conversion charges	56,408	NIL	
ii. Sale of Goods:			
Sri Vishnu Shankar Mill Limited			
- Machinery and stores items	50,856	NIL	
- Waste Cotton	2,09,001	NIL	
- Building Products	1,30,844	NIL	
- Cotton	38,95,926	NIL	
Sandhya Spinning Mill Limited			
- Building Products	41,400	NIL	
- Machinery and stores items	3,14,987	NIL	
- Waste Cotton	1,19,62,529	NIL	
- Cotton	43,06,447	NIL	
- Cotton Yarn	59,45,403	NIL	
Sri Harini Textiles Limited			
- Building Products	58,900	NIL	
- Waste Cotton	74,66,810	NIL	
Rajapalaiyam Mills Limited			
- Building Products	85,029	NIL	
- Waste Cotton	2,19,05,744	NIL	
- Cotton	1,00,67,649	NIL	
- Machinery and stores items	9,724	NIL	

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES ON ACCOUNTS (Contd...)

Name of the related Party	Amount Rs.	Outstanding as on 31.03.2011 (Rs.)	Dr/Cr
Rajapalayam Spinners Pvt.Ltd			
- Building Products	51,551	NIL	
- Waste Cotton	21,90,579	NIL	
- Machinery and stores items	13,15,373	NIL	
The Ramaraju Surgical Cotton Mills Ltd			
- Building Products	1,18,600	NIL	
- Waste Cotton	1,65,88,313	NIL	
- Sale of vehicle	2,34,539	NIL	
Madras Cements Limited			
- Building Products	5,12,766	NIL	
iii. Purchase of Goods:			
Madras Cements Ltd			
- Cement	39,97,56,207	NIL	
- Flyash	11,69,973	NIL	
- Power	67,35,142	NIL	
- Spares	1,18,417	NIL	
Rajapalayam Mills Limited			
- Cotton	1,15,90,780	NIL	
- Conversion Charges	15,54,233	NIL	
- Spares	86,576	NIL	
Sri Harini Textiles Limited			
- Machinery	86,70,000	NIL	
Sandhya Spinning Mill Ltd			
- Spares	19,428	NIL	
- Conversion Charges	1,30,798	NIL	
- Cotton	1,18,63,703	NIL	
The Ramaraju Surgical Cotton Mills Ltd			
- Conversion Charges	5,49,555	NIL	
Sri Vishnu Shankar Mills Ltd			
- Cotton	81,50,890	NIL	
- Conversion Charges	3,46,518	NIL	
- Spares	5,522	NIL	
- DEPB License	60,87,651	NIL	
Thanjavur Spinning Mill Ltd			
- Cotton	28,54,515	NIL	
Ramco Systems Limited			
- Software related service	1,12,43,763	NIL	
iv. Corporate Guarantees Issued:			
Ramco Systems Limited	50,00,00,000	50,00,00,000	
Sri Harini Textiles Limited	36,29,00,000	36,29,00,000	
v. Short Term Loans and Borrowings:			
Shri P.R. Venketrana Raja		98,92,027	
Shri K.T. Ramachandran		1,00,000	

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES ON ACCOUNTS (Contd...)

17. Short term Loans and Borrowings under "Unsecured Loans" include loans from Directors as per the following break-up:

Name	Closing Balance as on 31.03.2011 inclusive of interest accrued (Rs.)	Interest Accrued Rs.
Sri. P.R. Venketrana Raja	98,92,027	3,94,443
Sri. K.T. Ramachandran	1,00,000	7,199

18. Previous year's figures have been regrouped/restated wherever necessary so as to make them comparable with that of the current year.

19. Figures have been rounded off to the nearest rupee.

As per our Report Annexed

For M/s.M.S. JAGANNATHAN &
N. KRISHNASWAMI
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For M/s.CNGSN & ASSOCIATES
Chartered Accountants
FRN: 004915S
C.N. GANGADARAN
Partner
Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R.S. AGARWAL
Directors

Place : Chennai
Date : May 25, 2011

S. KRISHNAN
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Rs. in lacs	
	Year Ended 31-MAR-2011	Year Ended 31-MAR-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit, after tax as per Profit and Loss Account	6067.73	5487.18
Adjusted for		
Provision for taxation		
Current tax	2408.54	2131.28
Deferred tax	(241.89)	(321.78)
Loss on sale of assets	-	5.10
Depreciation	3046.86	3073.23
Dividend Income	(316.78)	(1339.95)
Interest income	(196.48)	(192.38)
Interest paid	2002.78	2125.88
Operating profit before working capital changes	12770.76	10968.56
Adjusted for		
Trade and other receivables	(1963.34)	(1060.17)
Inventories	411.16	(1392.65)
Trade payables	740.30	529.68
Cash generated from operations	11958.92	9045.42
Taxes paid	(2407.42)	(2131.28)
Net cash from operating activities	9551.50	6914.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4306.88)	(3881.07)
Sale of fixed assets	101.93	124.78
Interest income	196.48	192.38
Dividend income	316.78	1339.95
Increase in Share Capital	0.21	-
State subsidy receipts	55.57	656.18
Provision for AS 15	(160.23)	(237.72)
Net cash used in investing activities	(3796.14)	(1805.50)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing	3493.87	(3232.37)
Short term borrowings, net	(990)	(1951.52)
Working capital changes	(3430.47)	3852.90
Dividend paid	(908.17)	(860.49)
Interest paid	(2002.78)	(2125.88)
Net cash from financing activities	(3837.55)	(4317.36)
Net increase / (decrease) in cash and cash equivalents	1917.81	791.28
Opening balance of cash and cash equivalents	3249.33	2458.04
Closing balance of cash and cash equivalents	5167.14	3249.32

P.R. RAMASUBRAHMANEYA RAJHA
Chairman

S. KRISHNAN
Company Secretary

S.S. RAMACHANDRA RAJA
K.T. RAMACHANDRAN
N.K. SHRIKANTAN RAJA
Dr. A. RAMAKRISHNA
R S AGARWAL
Directors

Place : Chennai,
Date : May 25, 2011

CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT (Contd.)

AUDITORS' CERTIFICATE

To

The Board of Directors
Ramco Industries Limited, Chennai-4

We have examined the above cash flow statement of Ramco Industries Limited and its subsidiaries. The Statement has been prepared based on and in agreement with the corresponding Consolidated Profit and Loss Account and Balance Sheet of Ramco Industries Limited and its Subsidiaries covered by our report of 25th May 2011 to the members of the Company.

For **M/s. M.S. Jagannathan & N. Krishnaswami**
Chartered Accountants
FRN: 001208S
K. SRINIVASAN
Partner
Membership No.21510

For **M/s. CNGSN & Associates**
Chartered Accountants
FRN : 004915S
C.N. GANGADARAN
Partner
Membership No.11205

Chennai,
May 25, 2011



View of the Stacking Machine at Bihiya Plant.



View of the new Soft Packaging Machine installed at our Yarn Division, Sri Ramco Spinners, Rajapalayam.