

M A N A G E M E N T

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

PROFILE

CHETTINAD CEMENT CORPORATION LIMITED

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

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

PRODUCTS

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

From a modest beginning of 2 Lac tonnes capacity per annum, Chettinad Cement has gradually increased its production capacity to 6.5 million tonnes per annum with its three cement manufacturing units at Puliur, Karikkali and Ariyalur. All the plants of the Company employ the Modern Dry Process Technology.

The Company commissioned a 15MW Captive Thermal Power Plant at its unit at Karikkali in October 2004 and at Puliur in March 2008 to cater to the entire power requirements of the Plants thereby reduce the power cost.

The company has commissioned the first of its two Greenfield Cement manufacturing units with a capacity of 2 MIPA and 2 x 15 MW Captive Thermal Power Plants at Keezhalalur Village, Ariyalur District, Tamilnadu during the financial year 2008-09.

The Company has commissioned the second Cement manufacturing unit with a capacity of 2 MIPA and third 15 MW captive Thermal Power Plant at its Ariyalur works during the financial year 2009-10. The Company has also commissioned the 0.5 MIPA Cement Grinding Unit at its existing factory site at Puliur Village, Karur District, during the financial year 2009-10.

The Company is currently working on setting up a second cement manufacturing unit with a capacity of 2 MIPA adjacent to its existing factory site at Karikkali Village, Dindigul District alongwith a Captive Thermal Power Plant with a capacity of 30 MW.

The company is also in the process of setting-up a Greenfield Cement manufacturing unit with a capacity of 2.5MIPA and a Captive Thermal Power Plant with a capacity of 30 MW at Chincholi Taluk, Gulbarga District, Karnataka.

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

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

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

PERFORMANCE AT A GLANCE

	2005-06	2006-07	2007-08	2008-09	2009-10
PRODUCTION			(In MT)		
Clinker	1942742	1890524	2062346	2318789	3029280
Cement	2360557	2683737	2905698	3148896	4003468
Capacity Utilisation (%)	118	134	145	135	78
SALES					
Cement & Clinker	2447313	2686961	2879187	3141914	4061789
FINANCIAL HIGHLIGHTS			(Rs. in Lakhs)		
Turnover (Gross) including					
Other Income	58715	84307	111300	132762	153662
Gross Profit	11901	23933	34693	47064	51209
Interest & Lease rentals	1877	1725	1859	5078	7679
Depreciation	3609	5317	8150	42900	30808
Profit / (Loss) before Tax	6415	16891	24684	(914)	12722
Provision for Taxation					
- Current Tax (Net)	5	5832	9262	5125	3080
- Deferred Tax - (Asset) / Liability	2271	(439)	(1005)	(5678)	(21)
- Fringe Benefit Tax	40	27	50	60	-
- Earlier years Income Tax	93	-	-	-	-
Net Profit / (Loss) after Tax	4006	11471	16377	(421)	9663
PAID - UP SHARE CAPITAL	2950	2950	2950	2950	3820
RESERVES & SURPLUS	14492	23374	36299	32565	82552
RATIOS					
PBIDT to Sales (%)	23.78	32.95	36.41	40.27	37.55
PBT to Sales (%)	12.82	23.26	25.91	(-) 0.78	9.33
EPS (Rs.)	21.59	37.39	52.10	40.87	30.51
Debt to Equity	1.37	0.57	0.71	2.09	0.53
Book Value per Share (Rs.)	59	89	133	120	226
Dividend (%)	50	75	100	100	-

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Forty Seventh Annual General Meeting of the members of Chettinad Cement Corporation Limited will be held at "Rani Seethai Hall" No.603, Anna Salai, Chennai - 600 006 on Tuesday, the 21st day of September, 2010 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Profit and Loss Account for the Year ended 31st March, 2010, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
- 2 To appoint a Director in the place of Sri K. Ganapathy, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in the place of Sri R. Krishnamoorthy, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- 4 To appoint M/s P.B. Vijayaraghavan & Co., M/s Krishaan & Co., and M/s V. Soundararajan & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of the Forty seventh Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 2,00,000/- (Rupees Two Lakhs Only) each, plus Service Tax if any, besides out of pocket expenses.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions (including any Statutory modifications or any enactments thereof for the time being in force) of the Companies Act, 1956 and subject to the approval of the Financial Institutions/Banks wherever required, the Consent of the Company be and is hereby accorded to the re-appointment of Sri M.A.M.R. MUTHIAH, as the Managing Director of the Company for a period of three years with effect from the 28th September, 2010 subject to the provisions of the Articles of Association of the Company and control, superintendence and direction of the Board of Directors of the Company, who are hereby authorized to delegate to him such further powers of substantial management of the Company as they may deem fit."

"RESOLVED FURTHER THAT Sri M.A.M.R. MUTHIAH, Managing Director be paid a remuneration, by way of Commission which shall not exceed 5% of the Net Profits of the Company each year during the tenure of his Office."

"RESOLVED FURTHER THAT in the event of Loss or inadequacy of Profits, in any Financial year, the Board of Directors of the Company be and are hereby authorized to sanction such

minimum (Monthly) remuneration payable to Sri M.A.M.R. MUTHIAH, Managing Director, such that the remuneration shall not exceed the maximum limits prescribed under Sub-section 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 based on the Effective Capital of the Company. "

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

"RESOLVED THAT in supersession of the Ordinary Resolution No. 7/2008 passed by the Members of the company at the 45th Annual General Meeting held on 23rd September, 2008, the consent of the Company be and is hereby accorded under the provisions of Section 293 (1)(d) of the Companies Act, 1956 to the Board of Directors of the company to borrow

monies, from time to time, from the Financial Institutions, Banks, Central or State Government undertakings, Bodies Corporate, Shareholders and Public by way of Rupee Term Loan, Foreign Currency Loan and Debentures etc., (apart from the temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up share capital of the company and its free reserves that is to say, reserves not set apart for any specific purpose, provided however, that the total amount of such borrowings shall not exceed the sum of Rs.3000.00 Crores (Rupees Three thousand Crores only) at any one time".

By order of the Board
S.Hariharan
Company Secretary

Place: Chennai

Date : 27th July, 2010.

Notes :

1. An Explanatory Statement as required under the provisions of Section 173 of the Companies Act, 1956 for item No.5 & 6 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 16.09.2010 To 21.09.2010 (inclusive of both days)
4. The Company has appointed M/s Integrated Enterprises (India) Ltd., "Kences Towers", 2nd Floor, No.1, Ramakrishna Street, T. Nagar, Chennai - 600 017 as the Registrar & Share Transfer Agents to undertake all investor servicing activities, both demat and physical segments with effect from 01/04/2003. All concerned are requested to send their documents and address all their future correspondence directly to the above Registrars.
5. Members are requested to intimate their change of address, if any, along with PIN CODE to the Registrars to facilitate quick receipt of the Annual Reports and other official correspondences.
6. Non-resident Shareholders are requested to inform us immediately :
 - a) The change of residential status on return to India permanently.
 - b) The particulars of the NRE Account, if not furnished earlier.
7. Pursuant to the Section 205 A (before amendment) of the Companies Act, 1956, all the unclaimed dividends up to the financial year 1994-95 have been transferred to the Central Government's General Revenue Account. As per the amended Section 205-A, the unclaimed dividend amounts out of the Dividend declared from the financial year ended 31st March, 1996 onwards shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government after the expiry of seven years from the date of declaration. Accordingly, the unclaimed dividend for the financial years 1995-96 to 2000-01, except where the claim is under dispute or kept in abeyance, have been transferred to the said Fund. No dividend had been declared for the years 2001-02 and 2002-03. The unclaimed dividend for the financial year 2003-04 will be remitted into IEPF during November, 2011.

The shareholders who have not claimed/ encashed their dividend so far may communicate to the company/Registrars and get the dividend amount, declared for the Financial Years from 2003-04 to 2008-09.
8. All the shareholders who are holding the shares in Physical Form are advised to get their shares dematerialized, if necessary.
9. The details of shareholdings of the Directors appointed / re-appointed in this Annual General Meeting has been disclosed along with their respective resume in the Annexure to the Directors Report - "Corporate Governance".

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

(Rs. in Lakhs)

31.03.2008 31.03.2009 31.03.2010

Sales (Net)			
including other income	95267	116868	136355
Profit before tax	24684	(914)	12722
Profit after tax	16377	(421)	9663
Shareholders' Funds	39249	35515	86372
Rate of Dividend (%)	100	100	-

Item No. 5:

The term of Office of the Managing Director Sri M.A.M.R. Muthiah, is due for completion on 27th September, 2010. The Board of Directors at their meeting held on 27.07.2010 considered the re-appointment of Sri M.A.M.R. Muthiah as Managing Director for a period of three years with effect from 28th September 2010 as per the conditions specified under the respective provisions and Schedule XIII of the Companies Act, 1956 and recommended the same for the approval of the Shareholders at the ensuing Annual General Meeting.

It is proposed that Sri M.A.M.R. Muthiah, Managing Director be paid a remuneration by way of Commission which shall not exceed 5% of the Net profit of the company in each year and where in any financial year during the tenure of his Office, the company reports a loss or inadequate profits, then it is proposed to authorize the Board of Directors to sanction such minimum (monthly) remuneration to the Managing Director, such that the remuneration payable to him does not exceed the maximum limits prescribed under the sub-section 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956, based on the Effective Capital of the Company.

His re-appointment and remuneration thereof are being recommended to the Shareholders for their approval and hence this resolution.

Information required under Clause (iv) of proviso to sub - section 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

I General Information:

1) Nature of Industry:

The Company is engaged in the manufacture and sale of Cement.

2) Date or expected date of commencement of Commercial production:

The Company has been in this business for over 4 decades

3) In case of new companies, expected date of commencement of activities :

The Company is an existing company.

4) The Financial performance based on given indicators:

5) Export performance and net foreign exchange collaborations:

The Company has not made any exports during the years 2007-08 to 2009-10. The company has also not entered into any Foreign Collaboration during this period.

6) Foreign Investment and Collaborators, if any:

The company has neither entered into any Foreign Collaborations nor made any Foreign investments.

I Information about the appointee:

1) Background details

Sri M.A.M.R. Muthiah, aged 39 years is a B.E. Computer Science graduate and is a key promoter of the company and is in the Board of the Company for the past 12 years. He has been the Managing director of the Company since 28th September, 1999.

2) Past Remuneration

For the Financial Year 2009-10, Sri M.A.M.R. Muthiah, has been paid a remuneration of Rs.623 Lakhs, being a Commission of 5% on the Net Profits of the Company for the financial year.

3) Recognition or awards / job profile and his suitability

The Company has been on an upward trend ever since the post of Managing Directorship has been taken over by Sri M.A.M.R. Muthiah who is a young and charismatic leader and also a key promoter of the Company. With his strong Principle of leading from the front, he has increased the Installed Capacity of the Company from 1.4 Million Tonnes in 2001 to 6.5 Million Tonnes as on 31st March, 2010. His persistent focus on Financial Discipline and improvement in efficiency on all aspects of operations, has resulted in our company being amongst the most cost efficient in its operations. He possesses a Special trait of thinking ahead of time.

4) Remuneration proposed

The Remuneration is as set out in the Special Resolution mentioned in the Notice under Item No.5.

5) Comparative Remuneration profile with respect to industry, size of the company, Profile of the position and person .

The substantive remuneration of Sri M.A.M.R. Muthiah is not out of the tune with the remuneration in similar sized companies in Cement Industry.

6) Pecuniary relationship directly or indirectly with the Company, or relationship with Managerial personnel, if any.

Other than the remuneration stated above, Sri M.A.M.R. Muthiah has no other pecuniary relationship directly or indirectly with the company. Sri M.A.M.R. Muthiah is the son of Dr. M.A.M. Ramaswamy, the Chairman of the company.

III Other Information

The Company is in the business of manufacture and sale of Cement for more than 4 decades and belongs to one of the leading industrial groups in South India. The Industry being the kind which witnesses heavy fluctuation in demand for the product and the price realization and stiff competition from other companies, our company has been performing consistently over the period of time with existing plants, and now with a forecast on the huge demand for the product in the Country in the near future, has began focusing on expansions in other States besides Tamilnadu.

Item No. 6

At present the Company has got borrowing power to an extent of Rs.1500 Crores, as required under Section 293 (1) (d) of the Companies Act, 1956 as per the Resolution passed by the Shareholders of the Company at the 45th Annual General Meeting held on 23.09.2008.

In view of the ongoing Cement Plant projects of the Company at Tamilnadu and Karnataka States and other Developmental activities, from time to time, the Company may require funds beyond the present borrowing limit of Rs.1500 Crores.

Hence it is proposed to increase the borrowing powers from the present limit of Rs.1500 Crores to Rs. 3000.00 Crores as the Company may borrow money from the Financial Institutions / Banks and other sources for the said projects and for future Developmental activities, as and when required.

Necessary Resolution has to be passed by the members of the Company at the General Meeting as required under Section 293 (1) (d) of the Companies Act, 1956. Hence this Ordinary resolution is included in the Notice for the ensuing Annual General Meeting .

INTEREST OF DIRECTORS :

Sri M.A.M.R. Muthiah, Managing Director and Dr.M.A.M.Ramaswamy, Chairman of the Company are deemed to be interested in the subject matter of the Special Business/Special Resolution under Item No.5 in the Notice to the Shareholders.

None of the Directors is interested in the resolution under item No.6

INSPECTION OF DOCUMENTS :

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

Memorandum and Articles of Association of the Company.

DIRECTORS' REPORT

The Shareholders,

Your Directors take pleasure in presenting the Forty Seventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(Rs. in lakhs)

	Current Year ended 31/03/2010	Previous Year ended 31/03/2009
Profit before Depreciation and Interest	51209	47064
LESS :		
Depreciation	30808	42900
Interest	7679	5078
Profit before Tax	12722	(914)
LESS :		
Provision for Income Tax		
- Current	3080	5125
- Deferred (Assets) / Liabilities	(21)	(5678)
- Fringe Benefit Tax	0	60
Profit after current and deferred tax	9663	(421)
ADD :		
Provision for Taxation no longer required	2000	139
Prior Period expenses	(880)	-
Surplus brought from previous year	20570	25304
Profit of Amalgamating company	71	-
Total available for appropriation	31424	25022
APPROPRIATIONS		
Transfer to General Reserve	-	1000
Proposed Dividend	-	2950
Tax on the Proposed Dividend	-	502
Balance Carried over to Balance Sheet	31424	20570

DIVIDEND

The Company achieved a major milestone of Production and Sales in excess of 4 Million Tonnes for the first time in its history in the financial year 2009-10. Your Company has also installed and commenced Commercial Production of its Second Line Cement manufacturing Unit at Ariyalur with a Capacity of 2 MTPA along with Captive Power Plant of 15 MW and Cement Grinding Unit with a Capacity of 0.5 MTPA at Puliur during the financial year 2009-10.

Your Company is currently working towards installation of a Cement manufacturing Unit with a Capacity of 2.5 MTPA alongwith Captive Thermal Power Plant of 30 MW capacity at Gulbarga District, Karnataka and a Cement manufacturing Unit with a Capacity of 2 MTPA alongwith a Captive Thermal Plant of 30 MW at Karikkali. These two projects would involve substantial Capital investment in excess of Rs.1000 crores and realization from sale of Cement during the financial year 2010-11 have substantially reduced due to the sluggish market conditions. In these circumstances, it would be in the best interest of the company to conserve its Internal Accruals to fund these Projects so as to minimize the Loan from Banks / Institution.

In view of the above and taking into account the long term benefit to the Shareholders, your Board of Directors have not recommended Dividend for the financial year 2009-10.

PRODUCTION AND SALES FOR THE YEAR 2009-10

		M T
Clinker produced	-	3029280
Cement produced	-	4003468
Cement and Clinker Sales	-	4061789

OPERATIONS

This is covered under the topic Management Discussion and Analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry structure and developments

The worst of the Global economic meltdown seem to be over, but most of the countries in the world are only in the recuperating stages and still not ready to get on the move. The European countries are receiving the aftershocks of the meltdown only a bit late and are reeling under its effects. The one sector in India that got most affected by the Global economic meltdown is the real estate and infrastructure sector which has

still not stood out on its own completely. The economy as a whole has registered a decent growth of just over 7%. The manufacturing sector has performed exceedingly well with a growth of nearly 9 % during the financial year 2009-10, despite the climate and rains playing hide and seek.

The Cement Industry too performed exceedingly well during the financial year 2009-10 registering a growth of 12% both in production and despatch respectively against 8% during the financial year 2008-09.

The Southern region recorded a growth of around 9% in Production and about 5% in consumption. The main reason for the below par performance was the excess supply situation mainly due to capacity increases not sufficiently supported by demand increase and the deep fall in Andhra Pradesh market affected by heavy rains and flood during 2009. The Andhra Pradesh recorded a growth of only 5% and -1% in production and consumption as against the Tamil Nadu which recorded a growth of about 16% and 12% respectively in production and consumption.

Your company has commissioned the Line-2 Greenfield Cement manufacturing unit with a capacity of 2 million Tonnes at Ariyalur during the first half of the financial year 2009-10 thereby moving strongly in its path to become a major player in the Cement Industry. The company also crossed 4 million tonnes production and Sales though it is slightly below its capacity for the financial year.

b) Opportunities, Threats, Risks, Concerns and Outlook

Despite the consistent growth of Indian Cement Industry over the last decade, the per capita consumption of Cement in India at around 160 kgs. is well below the Global average of around 600 kgs. So there is real opportunity for growth.

The Cement Industry in South India is going through a difficult period with a supply excess, and demand not showing any indication of increasing in the short future. This has resulted in heavy drop in realization and with no respite in spiralling costs of Raw Material and Fuel, the Cement companies are now operating in wafer thin margins.

Your company having installed two Cement manufacturing units of 2 Million Tonnes each

in Keelapazhavur Village, Ariyalur District, Tamilnadu, has embarked on setting up another Cement manufacturing unit of 2 Million Tonnes at Karikkali adjacent to its existing plant at the same place, with a view to take advantage of reduction in prices of steel in the face of the Global meltdown and also cost of procurement and installation, having given the suppliers continuous orders for machinery for the three manufacturing units. Your company is now best placed to take full advantage of the situation when the infrastructure and construction industry picks up.

c) Segment wise or Product wise performance

The Company has only one business segment and that is manufacturing and Sale of Cement. The only other segment namely Generation and Sale of Power revolves around the Cement segment and is mainly used for Captive consumption by the Cement segment. Given below are the Segment-wise and Product-wise production figures for the financial year 2009-10.

Grades of Cement	Quantity in M.T
OPC -43 Grade & 53 Grade	820686
SRC - PC	27603
PPC	2887124
Slag - PSC	268055
TOTAL	4003468

Power	Generation (in KWH)
Wind Energy	22600502
Captive Thermal Power Plant	361816894

d) Internal control system and their adequacy

The Company has got an adequate system of internal control in place commensurate with the size of its operation and is properly designed to protect and safeguard the assets of the Company. There is a proper system for recording all the transactions which ensures that every transaction is properly authorized and executed according to the norms.

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

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

The Production and Sale of Cement during the financial year 2009-10 was 4003468 and 4010806 respectively thereby achieving a growth of 27% compared to previous year. The Sales Turnover increased by 15% to Rs. 1522.68 crores during the financial year 2009-10. The Gross Profit for the financial year 2009-10 was Rs. 512.09 crores, showing a growth of 9%.

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

As always, the Industrial relation during the current year also has been very cordial and contributed to mutual development. Various seminars, counseling sessions, trainings etc., were conducted to improve the quality of the manpower available thereby increasing the productivity and efficiency of the personnel. The number of personnel employed in the company is : 1324.

WINDMILL OPERATIONS

The Power Generation from the company's Windmills for the financial year 2009-10 was 2.26 crore units. The entire generation has been sold to TNEB for Rs. 6.20 crores.

CAPTIVE THERMAL POWER PLANTS

KARIKKALI FACTORY

The Gross power generation from the 15 MW Captive Thermal Power Plant during the year under review was 12.24 Crore Units, with an auxiliary consumption of 0.95 crore units. The Net generation of 11.28 crore Units were entirely consumed by the Cement Plant thereat.

PULIYUR WORKS

The Gross power generation from the 15 MW Captive Thermal Power Plant during the year under review was 8.29 Crore Units, with an auxiliary consumption of 0.79 crore units. The Net generation of 7.50 crore Units were entirely consumed by the Cement Plant thereat.

ARIYALUR WORKS

The Gross power generation from the 15 MW X 3 Captive Thermal Power Plants during the year under review was 15.62 Crore Units, with an auxiliary consumption of 1.62 crore units. The Net generation was 14.00 crore Units. Out of the total net generation, 13.29 crore units were consumed

captively by the Cement Plants thereat and the remaining 0.71 crore units were sold under Power Purchase Agreements.

PROGRESS REPORT ON ONGOING PROJECTS

Cement Plant - Line-II and third Captive Power Plant at Ariyalur Works

The company has commissioned the Line - II Cement manufacturing unit at Keezhapalavur Village, Ariyalur District, Tamilnadu with a capacity of 2 MIPA during the second quarter of the Financial Year 2009-10.

The company also commissioned its third Captive Power Plant at Ariyalur Works during the last quarter of the Financial Year 2009-10 and commenced generation.

Cement Grinding Unit at Puliur

The additional Cement Grinding Unit at Puliur with a capacity of 0.5 MIPA was commissioned during the last quarter of the Financial Year 2009-10. The Grinding Unit was being installed to make use of the additional Clinkerisation capacity available at the Unit.

Proposed Cement Plant Project at Karnataka

The company has completed its entire land acquisition for mining and factory site at Chincholi Taluk, Gulbarga District, Karnataka State for setting up a Greenfield Cement Plant with a capacity of 2.5 MIPA alongwith 30 MW Captive Thermal Power Plant. The company has obtained MOEF clearance for the Project and the approvals relating to Mining Lease and are awaiting further clearances.

AMALGAMATION

M/s Allied Minerals and Metals (P) Ltd., (AMMPL), an unlisted company had owned substantial Limestone bearing lands at Guntur District, Andhra Pradesh. The said company had offered to amalgamate with our company.

Since our company is on the continuous lookout for Limestone bearing lands and as our company does not have any strategic land holdings at Andhra Pradesh, this offer was accepted with long term view of setting up a Cement manufacturing unit at Andhra Pradesh sometime in the future.

Both companies presented a Scheme of Amalgamation with 1st January, 2010 as the appointed date for the amalgamation, and after the approval of the respective Shareholders, filed the same with the Hon'ble High Court of Madras. The

Hon'ble High Court of Madras vide its order dated 21st June, 2010 sanctioned the scheme of Amalgamation, with the Shareholders of AMMPL entitled to receive 1 (One) New fully paid up Equity Share of Rs.10/- each in Chettinad Cement Corporation Ltd., for every 46 (Forty Six) Equity Shares of Rs.10/- each held by them in AMMPL. 8695648 Equity Shares of Chettinad Cement Corporation Ltd., was issued to the Shareholders of Allied Minerals and Metals (P) Ltd., upon amalgamation.

INDUSTRIAL RELATIONS

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

PUBLIC DEPOSITS

The company has no unmatured/unpaid Fixed Deposits at the end of financial year 2009-10. Deposits totaling Rs.1.40 lakhs already matured for repayment, were not claimed by the Depositors till the end of the financial year.

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

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

STATUTORY INFORMATION REGARDING EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable

and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period.

- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

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

DIRECTORS

Sri. R. Krishnamoorthy and Sri. K. Ganapathy, Directors retire under Clause 102 of the Articles of Association of the Company and being eligible, offer themselves for re - appointment.

The term of Office of Sri M.A.M.R. Muthiah, as Managing Director of the Company is due to complete on the 27th September, 2010. It is proposed to re-appoint him as the Managing Director of the Company for a period of three years as per the applicable provisions and Schedule XIII of the Companies Act, 1956 with effect from 28th September, 2010.

AUDITORS

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

The Auditors are currently paid a remuneration of Rs.1,50,000/- each, besides out of pocket expenses. Now in view of the increased work load and additional compliance requirements, the Board recommended an increase of Rs.50,000/- on the remuneration to each of the Auditors, i.e. from Rs.1,50,000/- to Rs.2,00,000/- each, besides out of pocket expenses. The approval of the Shareholders of the Company at the ensuing Annual

General Meeting is required for their re-appointment and fixation of remuneration.

CAUTIONARY STATEMENT

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

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

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

ACKNOWLEDGEMENT

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

ADDENDUM

Auditors' Report :

Regarding the liability, if any, under the provisions of Jute Packaging Materials (Compulsory use in the Packing Commodities) Act, 1987, the Note No. 9 of the Notes forming part of the Accounts is self-explanatory and the Directors opine that as the amount of liability is not ascertainable, necessary provision can be made in the year in which the actual liability would arise.

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

Place : Chennai
Date : 27th July, 2010

ANNEXURE TO THE DIRECTORS' REPORT

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

- A. CONSERVATION OF ENERGY**
- a) Energy conservation measures taken:
- PULIYUR FACTORY:**
- a) VFD for 2 Cooler Vent Fans.
 - b) Electronic Chokes installation - 50Nos.
 - c) Energy Efficient Fan for Hot Air Fan (132 KW to 37 KW)
 - d) Optimisation of Old Water Pump.
- KARIKKALI FACTORY:**
- a) LDR based Lighting On/Off
 - b) Street Lighting Fittings from 150W to 36 W.
 - c) LT Capacitor Bank On / Off for Power Factor Improvement.
- ARIYALUR FACTORY:**
- Ariyalur Plant has recently commissioned and all energy saving activities are already implemented in the Project stage itself and hence no proposals are in hand for the same. Pet Coke addition of 15-20 % started to reduce the fuel cost.
- b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy.
- PULIYUR FACTORY:**
- Pre-heater modification to reduce power consumption and to increase clinker production.
 - Feeding and incineration system installation for using plastic waste from Municipal Solid Waste.
- Captive Power Plant at Puliur:**
- No proposals are in hand as all the energy saving activities are already implemented at project stage itself. Pet coke addition of 10 - 15 % started to reduce fuel cost.
- KARIKKALI FACTORY:**
- Optimisation of low voltage range from 380 V to 410 V.
 - All Plant lighting to be switched ON using LDR.
 - Installation of VFD for main crusher bag filter.
- Captive Power Plant at Karikkali:**
- No proposals are in hand as all the energy saving activities are already implemented at project stage itself.
- ARIYALUR FACTORY:**
- No proposals are in hand as all the energy saving activities are already implemented at project stage itself.
- Captive Power Plant at Ariyalur**
- No proposals are in hand as all the energy saving activities are already implemented at project stage itself. Pet coke addition of 10 - 15% started to reduce fuel cost.
- c) Impact of measures of (a) and (b) above on reduction of energy consumption and consequent impact on the cost of production of goods.
- The improvement in efficiency in the Plants at Puliur and Karikkali are shown in Form- A
- d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto.
- Please see Form A
- B. TECHNOLOGY ABSORPTION**
- e) Efforts made in technology absorption as per Form B of the Annexure.
- C. FOREIGN EXCHANGE EARNINGS AND OUTGO**
- f) Activities relating exports; initiatives taken to increase exports; development of new export market for products and services; and export plans: Nil
- g) Total Foreign Exchange earned and Used :
- During the Year 2009 - 10, there was no foreign exchange earned - Nil (previous year - Rs. - nil) and used was Rs. 12577 lakhs (previous year - Rs. 8547 lakhs)

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

		Year ended 31.03.2010	Year ended 31.03.2009
A. POWER & FUEL CONSUMPTION			
(1) Electricity			
a) Purchased	Kwh	5958950	14705122
Total Amount	Rs in lakhs	647.64	1044.42
Rate/Unit	Rs.	10.87	7.10
b) Own Generation			
Through Diesel Generator Unit	Kwh	832442	3290134
Units per litre of HSD / LSHS oil	Kwh	1.03	3.45
Cost/Unit	Rs.	17.51	13.50
c) CPP (Coal based)			
Total Cost	K W H	327878040	219144533
Cost per Unit	Rs.in lakhs	16625.28	14018.82
	Rs.	5.07	6.40
(2) Coal / Pet coke / Others			
Quantity	Tonnes	653579	472392
Total Cost	Rs in lakhs	30254.54	22884.67
Average Rate	Rs / MT	4629	4844
(3) Furnace Oil			
Quantity (734 MT)	KL	1287	777
Total Cost	Rs in lakhs	302.03	161.01
Average Rate	Rs / KL	23468	21937

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards, if any		
(1) Production (with details) unit			
OPC & SRC	M. T.	848289	309330
PPC & SLAG	M. T.	3155179	2839566
Total:	M. T.	4003468	3148896
(2) Electricity (in KWH)			
		81.70	71.37
(3) Fuel % on Clinker Production:			
(a) Coal / Pet coke / Others		11.961	10.821
(b) Furnace oil (KL)		0.043	0.032
Total : a & b (% of Clinker)	20 %	12.004	10.853

FORM B
FORM FOR DISCLOSURE OF PARTICULARS
WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

Puliyur Factory & Karikkali Factory:	
1 Specific areas in which R&D activities carried out by the company	<p>The Company has established concrete R & D Lab at Puliyur works with the following features:</p> <ul style="list-style-type: none"> a) Usage of alternate fuels derived from waste materials on a sustained basis. b) To conserve natural mineral and energy resources for Environmental management and Cost reduction. c) To have competitive edge in the present day cement marketing scenario. d) To determine optimum cement content in various concrete mixes. e) To ensure that our customers/consumers get the best result out of the products (cement supplied by us, in various applications - Domestic, Industrial, Coastal area construction). f) To study the strength development of concrete at various ages/ various design mixes. g) To increase the usage of mineral admixtures in concrete.
2 Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> a) Better and durable concrete. b) Better customer satisfaction. c) Value addition to products supplied. d) Control of cement manufacturing cost by reducing the consumption of input materials (Coal/Iron ore / power). e) Conservation of Mineral resources, use of low and marginal grade Limestone. Bauxite consumption reduced from 0.83 % during 2008 - 09 to 0.68 % during 2009 -10. Specific heat consumption reduced from 720 K cals / kg. clinker during 2008 - 09 to 714 Kcals / Kg. clinker during 2009 -10.
3 Future Plan of Action	<ul style="list-style-type: none"> a) To standardize the types of various lubricants used in the Plant and reduce lube oil consumption. b) Recovery of steel materials from scrap upto 3%. c) It is planned for feeding and incineration system installation for using plastic Waste from Municipal solid waste. d) Exploration of Limestone availability in new lease areas around Seethainagar & Dholipatti Mines so as to augment the life of limestone mines to sustain and improve the level of clinker production in future. e) Setting up of Optical Microscope Laboratory at Puliyur Works for carrying out R & D work affiliated to Puliyur Plant under the guidance of NCEM, Ballabgarh. f) It is planned to integrate all the three quality system (IS/ISO 9001:2000, IS/ISO 14001:2004, IS/ISO 18001: 2000).
4 Expenditure on R & D	(Amount - Rs.in Lakhs)
a Capital	: 0.00
b Recurring	: 55.00
c Total	: 55.00
d Total R&D expenditure as percentage of total turnover	: 0.04

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION : NIL

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SUB-SECTION (2A) OF SECTION 217 OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010.

Statement showing the particulars of Employees employed throughout the Financial year 2009-10 who were in receipt of remuneration not less than Rs.24.00 Lakhs per year.

Name (1)	Age (2)	Designation/ Nature of Duties (3)	Remuneration Received * (Rs. in lakhs) (4)	Qualification & Experience (in years) (5)	Date of commencement of Employment (6)	Particulars of Last Employment (7)
Mr.L.Muthukrishnan	65	Executive Director	40.81	B.Com., A.C.A 40	02.09.1970	M/S.Palaniappan & Viswanathan, Chartered Accountants
Mr. C.Sudhakar	61	Technical Director	67.96	M.sc. (Chemistry) 35	07.03.1989	Malabar Cement
Mr. A.Subramanian	61	Sr.Vice President	47.94	M. Com 42	03.04.1967	-
M.Chidambaram	58	Vice President	28.19	B.Com, A.C.A 27 years	16.09.1983	Worked with GEDEE Associates (P) Ltd.,
Mr.P.Udayasankar	58	Vice President (Mtg)	25.44	B.Sc, B.E (Mech) 25 Years	02.05.2001	ACC Ltd.
Mr.Kasirajan	60	Vice President (Mines)	34.52	M.Sc., Geology (First Class Mines Manager Certificate) (35 Years)	25.01.1993	Tancoem, Alankulam
Mr.N.Muthusamy	58	Vice-President (Engg)	40.20	B.E. (Mech) 31	14.12.1979	-
Mr.S.Ravinallian	58	Vice President (Engg)	34.25	M.E (Mech) 29	02.07.2006	Atlas Engg Works, Ajman
Mr.S.Balakrishnan	63	Vice President (Engg)	35.57	B.E (Mechanical) 38	30.08.2001	Tabuk Cement Company, Saudi Arabia
Mr. A.Sekar	57	Vice President (Production)	36.77	B.E (Mech), PGDIEM 38	27.08.2008	Madras Cements Ltd, Ariyalur

Statement showing the particulars of Employees employed for the part of Financial year 2009-10 who were in receipt of remuneration not less than Rs.24.00 Lakhs per year.

Name (1)	Age (2)	Designation/ Nature of Duties (3)	Remuneration Received * (Rs. in lakhs) (4)	Qualification & Experience (in years) (5)	Date of commencement of Employment (6)	Particulars of Last Employment (7)
Mr.K.Narayanan	60	G M (E & I Co-Ordinaion)	38.00	B.E. Electrical Engg. 33	24.06.1991	India Cements, Sankari
Mr.AR Annamalai	64	SR.GM. (Marketing)	36.46	M.Com. , (39 Years)	14.09.1970	-
Mr.Sundaramoorthy	48	Sr.General Manager (Mech)	37.38	B.E. (25 Years)	26.04.1985	-
Mr.M.C.Kini	52	President (Business Development)	31.30	B.Sc., M.M.S 31	24.08.2009	Chief Executive Officer in Gokuldas Image (P) Ltd., Bangalore

Note:

- 1) * Remuneration as shown includes inter-alia, Salary, House rent allowance, Medical Expenses, Leave Travel Assistance, Leave encashment, Provident fund contribution and super annuation contribution but excludes contribution to Gratuity fund which is not individually allocable, except in the case of Mr.P.Udayasankar, Mr K.Narayanan, Mr.AR. Annamalai, Mr.M.Sundaramoorthy as their Gratuity payment has been fully settled on their retirement/resignation.
- 2) The service of above mentioned employees is regular and governed by the rules and regulations of the company.
- 3) The above mentioned employees are not related to any of the Directors of the Company.

ANNEXURE TO DIRECTORS' REPORT - CONTD.
REPORT ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE
LISTING AGREEMENT WITH THE STOCK EXCHANGES

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

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

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

2. BOARD OF DIRECTORS

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

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

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

S No.	Name of the Director	No. of Board meetings attended	A G M attended	No. of Membership and Chairmanship in other Boards and Committees.			
				Boards Chairman	Boards Member	Committees Chairman	Committees Member
1	Dr.M.A.M.Ramaswamy Non-executive (Promoter)	6	Yes	2	-	-	-
2	M.A.M.R.Muthiah Executive -(Promoter)	7	Yes	-	2	-	-
3	R.Krishnamoorthy Independent-Non Executive	7	Yes	-	-	-	-
4	Ramanathan Palaniappan Independent-Non Executive	3	No	-	3	-	-
5	SP.ST.Palaniappan Independent-Non Executive	5	No	-	-	-	-
6.	K.Ganapathy Independent-Non Executive	8	Yes	-	1	-	-
7.	Smt.Sheela Rani Chunkath I.A.S (Nominee Director)	-	TIIC Officials attended	1	5	-	-

B) No. of Board Meetings held : 8

Dates on which held: 7/4/2009,12/5/2009, 23/6/2009, 20/7/2009, 7/9/2009, 20/10/2009, 28/01/2010, 9/02/2010.

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

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

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

Name of the Director	Sri. R.Krishnamoorthy
Date of Birth	08.12.1930
Qualification	M.A., B.L.,
Nature of Expertise	Sr.Advocate, Madras High Court.
Date of First Appointment	27.08.1990
Name of the other Companies in which he holds Directorship	Not holding Directorship/s in any other companies
Name of the Companies in which he holds membership of committees	Chettinad Cement Corporation Ltd.
No. of Shares held in the Company	1400 Equity shares of Rs. 10/- each
Name of the Director	Sri. M.A.M.R. Muthiah
Date of Birth	31.05.1971
Qualification	B.E. Computer Science
Nature of Expertise	Industrialist
Date of First Appointment	18.05.1998
Name of the other Companies in which he holds Directorship	Managing Director in : Chettinad Morimura Semi Conductor Material Pvt. Ltd. Member of Committee of Management in : Madras Race Club
Name of the Companies in which he holds membership of committees	Chettinad Cement Corporation Ltd.
No. of Shares held in the Company	5586709 Equity shares of Rs. 10/- each

C) BOARD PROCEDURE

The Company convened Eight Board Meetings during the Financial Year 2009-10. The Notices of the Board meeting were sent nearly a month in advance to all the Directors to enable them to make themselves convenient to attend the Meeting. The detailed Agenda for the meeting along with notes were sent to the Directors about one week to ten days before the Meeting. The Managing Director would give an overview of the performance of the Industry, in general and the Company, in particular. It is followed by a technical presentation by the Technical Director on the performance of the Company on various parameters. The Board of Directors generally reviewed the following:

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

3 CODE OF CONDUCT

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

4. AUDIT COMMITTEE

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

The Committee held Six Meetings during the Financial year 2009-10, on 06/4/2009, 22/06/2009, 18/07/2009, 05/09/2009, 19/10/2009, 25/01/2010.

The Six meetings held, were attended by Sri R. Krishnamoorthy (Six), Sri SP.ST. Palaniappan (Four), Sri M.A.M.R. Muthiah (Five) and Sri. K.Ganapathy (Six).

The Chairman of the Committee, Sri SP.ST.Palaniappan was not present at the last Annual General Meeting held on 7th September, 2009.

Brief description of the terms of reference :

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

5 REMUNERATION COMMITTEE

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

The Remuneration Committee met on the 07/04/2009 and approved the payment of monthly remuneration of Rs. 4.00 lakhs per month to Sri. M.A.M.R.Muthiah, Managing Director from 1st April 2009 to 31st March, 2010 under sub-section 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. The payment of the said remuneration was approved subject to the stipulation that in the event of the company making profits, the remuneration paid would be adjusted in overall commission that may be paid to the Managing Director.

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

Remuneration to Directors

The Managing Director is entitled to a remuneration of Rs. 623 lakhs as commission on the net profits of the company for the Financial Year 2009-10 as per his terms of appointment and in compliance with the provisions of Schedule XIII of the Companies Act, 1956.

The Directors have been paid sitting fees for their attendance at the Board / Committee meetings held during the Financial year 2009-10. The Traveling Expenses are being paid to the concerned Directors. The details of sitting fees paid to the Directors are given below :

Name of the Director	Sitting fees paid (Rs.)	No. of Shares held in the Company
Dr. M.A.M.Ramaswamy	12000	9183834
Sri.M.A.M.R.Muthiah	54000	5586709
Sri R.Krishnamoorthy	56000	1400
Sri.Ramanathan Palaniappan	6000	4200
Sri. SP.ST.Palaniappan	40000	525
Sri. K.Ganapathy	30000	500
Smt.Sheela Rani Chungath I.A.S	Nil	-
Total amount of Sitting fees:	198000	

6. SHAREHOLDERS' COMMITTEE

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

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

This Committee is also performing the functions of catering to the Shareholder grievances. The Company had received 32 complaints during the financial year 2009-10 and the above said Committee had sorted out all the grievances to the satisfaction of the Shareholders except in the cases where the matter is pending before the Court of law.

7 (a) GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
2006-07	"Rani Seethai Hall", 603, Anna Salai, Chennai - 600 006	25th September, 2007	10.00 a.m.
2007-08	"Rani Seethai Hall", 603, Anna Salai, Chennai - 600 006	23rd September, 2008	10.00 a.m.
2008-09	"Rani Seethai Hall", 603, Anna Salai, Chennai - 600 006	7th September, 2009	10.00 a.m.

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

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

1. Special Resolution as required under Schedule XIII of the Companies Act, 1956 at the meeting held on 25.9.2007 regarding re-appointment of Managing Director.
2. Special Resolution as required under Section 81 (1-A) of the Companies Act, 1956 was passed at the Extra Ordinary General Meeting held on 04th March, 2008 regarding issue of Equity Shares on Rights basis.

7 (b) COURT CONVENED MEETING

Pursuant to the Order dated 17.03.2010 of the Hon'ble High Court of Madras, a meeting of the Equity Shareholders of the company was held on 20.04.2010 for getting approval of the Scheme of Amalgamation of M/s. Allied Minerals & Metals Pvt. Ltd. with the company. The said Scheme was approved by the shareholders and the result of the poll is given below

Total No. of valid votes cast	No. of votes cast in favour/%	No. of votes cast against/%	No. of votes cast invalid / %
24603424	24603324 99.99%	Nil	100 0.01%

8. DISCLOSURES

- Related party transactions have been disclosed in item No.15 of the Notes forming part of the Accounts, as required under the Accounting Standard 18 issued by the Companies (Accounting Standard) Rules, 2006. These transactions are not likely to be prejudicial with the Company's Interest.
- There were no instances of non-compliances or imposition of any penalty/strictures on the Company by the SEBI / Stock Exchange / any Statutory Authority, on any matter relating to capital markets, during the last three years.
- Risk Assessment and minimization procedures is an on-going process. The Managing Director, primarily in-charge of conduct of the affairs of the company appraises the Board of Directors regularly about the assessed risks and the measures taken to mitigate the same to ensure smooth conduct of the business of the company.
- The Code of Conduct ensures that the conduct of affairs of the company is carried out with the highest levels of integrity and ethics with adequate avenues for reporting any suspected fraud or unethical behavior coming to the knowledge of the concerned staff. No employee of the company is denied access to the Audit Committee.
- Non-Mandatory requirements regarding Non-executive Chairman and Remuneration Committee is complied with.

9. MEANS OF COMMUNICATION

- The Quarterly Financial results for the financial year 2009-10, were published in Business Line (all Editions), News Today (Regional) and Makkal Kural (Tamil Regional).
- Financial results are being displayed in the Company's Website.
- No official news releases are made and also no presentations have been made to institutional investors or to the analysts.
- The Management Discussions & Analysis is a part of Annual Report.

10. GENERAL SHAREHOLDER INFORMATION :

- | | |
|--|--|
| a) Date, time and venue of the Annual General Meeting. | Date : 21st September, 2010 Time : 10.00 A.M.
Venue : "Rani Seethai Hall", 603, Anna Salai,
Chennai - 600 006. |
|--|--|

- b) Financial Calendar
- Financial year - 1st April to 31st March
 Unaudited Financial Results:
 Quarter ending 30th June'10 - considered on 27th July'10
 Quarter ending 30th Sept.'10 - Before 15th Nov'10
 Quarter ending 31st Dec.'10 - Before 15th Feb'11
 * Quarter ending 31st Mar.'11 - Before 15th May'11.
 * In case the Audited results are to be considered for the Financial Year 2010-11 before end May'11, no unaudited financial results will be considered for the last quarter of the financial year 2010 -11.
- c) Date of Book closure 16th September, 2010 to 21st September, 2010
- d) Dividend payment date No dividend has been recommended .
- e) Listing on Stock Exchange Madras Stock Exchange Ltd., Chennai
 National Stock Exchange of India Ltd., Mumbai
- f) Stock Code Madras Stock Exchange : CCM
 National Stock Exchange: CHETTINAD
- g) Market price Data :
- | Month | High (Rs.) | Low (Rs.) |
|--------------|------------|-----------|
| April'09 | 496.10 | 400.00 |
| May'09 | 497.00 | 411.10 |
| June'09 | 439.75 | 385.10 |
| July'09 | 465.00 | 379.95 |
| August'09 | 455.00 | 393.00 |
| September'09 | 465.00 | 398.00 |
| October'09 | 461.10 | 398.20 |
| November'09 | 454.95 | 390.10 |
| December'09 | 475.00 | 391.00 |
| January'10 | 639.00 | 450.00 |
| February'10 | 599.00 | 492.20 |
| March'10 | 598.00 | 531.00 |
- NSE, High, Low during each month in last financial year 2009-10
- h) Registrars and Transfer Agents. Depository Registrar :
 Integrated Enterprises (India) Ltd.,
 II Floor, 'Kencos Towers'
 No.1, Ramakrishna Street, North Usman Road,
 T.Nagar, CHENNAI - 600 017.
- i) Share Transfer System
- The Company has constituted a Share Transfer Committee which considers and approves the transfer and transmission etc., of shares in Physical mode. The Committee meets once in every 25-30 days and approves all the pending share transfers, transmission etc., received during the intervening period which are in order.
- The administration of both physical and Dematerialised shares are being handled by the Registrars
 M/s Integrated Enterprises (India) Ltd.

j) Distribution of Shareholding
 as on 27.07.2010

i) On the basis of quantum of Shares held.

No. of Shares held	No. of Share-holders	No. of Shares	Share %
Upto 500	3800	561488	1.47
501 to 1000	384	309907	0.81
1001 to 2000	149	226722	0.59
2001 to 3000	54	139251	0.37
3001 to 4000	20	72596	0.19
4001 to 5000	5	22478	0.06
5001 to 10000	11	77300	0.20
10001 & above	36	36789256	96.31
TOTAL	4459	38198998	100.00

ii) On the basis of category of Shareholders

Category	No. of Shares	%
Promoters and Relatives	33782577	88.44
Financial Institutions	1269710	3.32
Foreign Holdings (FII / NRI)	24045	0.06
Other Corporate Bodies	1433190	3.76
Mutual Funds	2200	0.01
Banks	1700	0.00
Indian Public	1685576	4.41
TOTAL	38198998	100.00

k) Dematerialisation of shares and liquidity

The Company has entered into the Tripartite Agreements with the National Securities Depository Ltd., (NSDL) and Central Depository Services Ltd., (CDSL) for dematerialization of shares. As on 27.07.2010, the total number of Dematerialized Shares are 35666654. The total number of demat shareholders are 3052. For dematerialization of shares, the ISIN of the Company is INE132B01011.

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

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

m) Plant locations

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

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

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

NON - MANDATORY REQUIREMENTS

- a) Chairman of the Board Dr. M.A.M. Ramaswamy is the Chairman of the Board. One employee of the Company is a Personal Assistant to the Chairman. There is no separate Chairman's office.
- b) Tenure of Directors No tenure for holding their respective Directorship has been fixed for the Independent Directors at the time of their appointment as Directors. The tenure of office of Managing Director (Promoter-Director) is governed by Schedule XIII of the Companies Act, 1956.
- c) Remuneration Committee The Company has formed a Remuneration Committee with three Non-executive Independent Directors as its members in compliance with the Schedule XIII of the Companies Act, 1956.
The Remuneration Committee met on 7/4/09 and approved the payment of monthly remuneration of Rs.4.00 Lakhs per month to the Managing Director for the Financial Year 2009-10, in compliance with the provisions of Schedule XIII of the Companies Act, 1956.
An amount of Rs.2000/- is paid to each member as sitting fees for attending the meetings.
- d) Shareholders Rights The Unaudited Quarterly Financial Results for the second quarter including the Half-yearly results are published in the Newspaper/s as required under Clause 41 of the Listing Agreement. The Half-yearly results are not sent to the Shareholders individually.
- e) Audit Qualifications The company is striving to move towards a regime of unqualified financial statements.
- f) Training of Board Members Since the Board members are eminent personalities in their own field fully aware of their responsibilities as Directors of the company, there is no requirement for training the members of the Board.
- g) Mechanism for evaluating Board Members. Since the Board members are eminent personalities in their own field fully aware of their responsibilities as Directors of the company, there is no requirement for their evaluation.

DECLARATION

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

For Chettinad Cement Corporation Limited

Date : 27th July, 2010
Place : Chennai

M.A.M.R.Muthiah
Managing Director

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

CERTIFICATE

To :

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

We have examined the compliance of conditions of Corporate Governance by Chettinad Cement Corporation Ltd. for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

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

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

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

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

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

for Krishnaan & Co.
Chartered Accountants
Firm Regn.No.001453S
V. Krishnan
Partner
(M. No. 010970)

Place : Chennai
Date : 27.07.2010

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHETTINAD CEMENT CORPORATION LTD

We have audited the attached Balance Sheet of Chettinad Cement Corporation Ltd (the Company) as at 31st March, 2010 and the Profit and Loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003 (the Order) as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from examination of those books.
 - c) The Balance Sheet, 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 section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors as on 31st March, 2010 is disqualified from being appointed as a director in the company in terms of Section 274 (1) (g) of the Companies Act, 1956 on the said date.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with schedules and subject to Note No.9 regarding the liability, if any under the provisions of Jute Packaging Materials (Compulsory use in the Packing Commodities) Act, 1987 and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

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

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

Place : Chennai
Date : 27.07.2010

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
b) These Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
c) No substantial part of fixed assets of the company have been disposed of during the year.
- i) a) Inventory has been physically verified at reasonable intervals by the management.
b) The procedures of physical verification of Inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory and discrepancies on physical verification as compared to book records were not material and have been dealt properly in the books of account.
- iii) The Company has taken an unsecured inter corporate deposit of Rs.5.00 Crores from Chettinad Morimura Semi Conductor Materials Pvt Ltd in which two Directors of this Company are Directors. The maximum amount due during the year was Rs.5.00 Crores and the year end balance of Deposit taken was Rs.5.00 Crores.

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

The Company is regular in payment of interest and the repayment of the principal amount has not fallen due during the year ended 31st March ,2010.

The Company has not given any loans secured or unsecured to parties referred to in Section 301 of the Companies Act, 1956.
- iv) In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been observed in the internal control system.
- v) According to the explanation and information furnished by the company there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, entered into by the company except the inter corporate deposit referred in item (iii) above which has been entered into the register maintained under Section 301 of the Companies Act, 1956.
- vi) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA and the rules framed there under with regard to the deposits accepted from the public.
- vii) In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business.

viii. We have broadly reviewed the books of account maintained by the company relating to manufacture of cement pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determining whether they are accurate or complete.

ix. The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India.

There are no arrears of outstanding statutory dues as on 31.3.2010 for a period of more than six months from the date they became payable.

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

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS. IN LAKHS)	FORUM WHERE DISPUTE IS PENDING
TINGST Act, 1959	Sales Tax and Penalty	1.27	Hon'ble High Court of Madras, Madras.

x. The company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.

xi. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders during the year.

xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the Company.

xiv. In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments.

xv. According to the information given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loan taken by the company were applied for the purposes for which the loans were obtained.

xvii. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for the long term investment during the year.

xviii. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

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

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

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

Place : Chennai
Date : 27.07.2010

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.	As at 31-03-2010		As at 31-3-2009	
		(Rs. In lakhs)		(Rs. In lakhs)	
I SOURCES OF FUNDS					
Shareholders' Funds:					
(a) Capital	1	3820		2950	
(b) Reserves and Surplus	2	82552	86372	32565	35515
Loan Funds					
(a) Secured Loans	3	34389		28200	
(b) Unsecured Loans	4	41498	75887	71503	99703
Deferred Tax					
Deferred tax liability		872		836	
Less: Deferred tax asset		141	731	84	752
TOTAL			162990		135970
II APPLICATION OF FUNDS					
Fixed Assets:					
(a) Gross Block	5	231569		166039	
(b) Less : Depreciation		116789		85098	
(c) Net Block		114780		80941	
(d) Capital work in progress		9546	124326	31316	112257
Investments	6		58		58
Current Assets, Loans & Advances	7				
(a) Inventories		22409		21461	
(b) Sundry Debtors		7251		3870	
(c) Cash and Bank balances		7307		4299	
(d) Other Current Assets		2		1	
(e) Loans & Advances		38174		32983	
		75143		62614	
Less:					
Current Liabilities & Provisions	8				
(a) Current Liabilities		14324		14620	
(b) Provisions		22213		24339	
		36537		38959	
Net Current Assets			38606		23655
TOTAL			162990		135970

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

R. Krishnamoorthy
K. Ganapathy
SP.ST.Palaniappan
Directors

S. Hariharan
Company Secretary

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

Subject to our Report of even date
for V.Soundararajan & Co
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(M. No. 018030)

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

Place : Chennai
Date : 27.07.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the year ended 31-03-2010 (Rs. in lakhs)	For the year ended 31-03-2009 (Rs. in lakhs)
INCOME			
Sales		151862	130291
Self Consumption		406	1857
		152268	132148
Less : Excise Duty		16313	18403
		135955	113745
Other Income	A	1394	614
Increase/(Decrease) in Stocks	B	(994)	2509
	Total	136355	116868
EXPENDITURE			
Raw Materials Consumed	C	17217	15890
Stores & Spares Consumed		4836	6090
Power & Fuel		31057	24337
Excise Duty		325	(22)
Packing Charges		5044	4328
Salaries, Wages, Bonus & Amenities to Staff	D	6454	3770
Repairs & Maintenance	E	3209	2468
Loading & Transport Charges		13713	11247
Advertisement & Sales Promotion		915	350
Commission		188	160
Interest	F	7679	5078
Other Expenses	G	2188	1186
Depreciation		30808	42900
	Total	123633	117782
Profit for the year		12722	(914)
Taxation:-			
Current Tax		3080	5125
Deferred tax		(21)	(5678)
Fringe Benefit Tax		0	60
Profit after Tax		9663	(421)
Add:			
Provision for taxation no longer required		2000	139
Prior Period Expenses		(880)	0
Balance in P & L A/c brought forward from last year		20570	25304
Profit of Amalgamating company Brought Forward		71	0
		31424	25022
Transfer to General Reserve		0	1000
Proposed dividend on Equity Shares		0	2950
Tax on Dividend		0	502
Balance carried to Balance Sheet		31424	20570
Earning per share in Rs. (Refer Note No.16) -Basic & Diluted		30.51	60.08

M.A.M. Ramaswamy
ChairmanM.A.M.R. Muthiah
Managing DirectorR. Krishnamoorthy
K. Ganapathy
SP.ST.Palaniappan
DirectorsS. Hariharan
Company Secretary

Subject to our Report of even date

for P.B. Vijayaraghavan & Co.
Chartered Accountants
Firm Regn.No.004721S
P.B. Srinivasan
Partner
(M. No. 203774)for V.Soundararajan & Co
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(M. No. 018030)for Krishna & Co.
Chartered Accountants
Firm Regn.No.001453S
V. Krishnan
Partner
(M. No. 010970)Place : Chennai
Date : 27.07.2010

SCHEDULES TO BALANCE SHEET

	As at 31-3-2010 (Rs. in lakhs)	As at 31-3-2009 (Rs. in lakhs)
SCHEDULE - 1 : SHARE CAPITAL		
Authorised :		
50,00,00,000 Shares of Rs.10/-each	<u>50000</u>	<u>10000</u>
(10,00,00,000 shares of Rs.10/-each)		
(Ref Note No.21)		
Issued :		
3,82,95,748 Equity Shares of Rs.10/- each	<u>3829</u>	<u>2960</u>
(2,96,00,100 Equity Shares of Rs. 10/- each)		
Subscribed and paid up :		
2,95,03,350 Equity Shares of Rs. 10/- each	2950	2950
(Includes 42,15,850 Equity Shares of Rs.10/- each allotted as fully paid Bonus Shares by capitalisation of reserves)		
Equity Suspense account	870	0
8695648 Equity shares of Rs. 10/- each These shares are to be issued to the shareholders of Allied Minerals and Metals Private Ltd. pursuant to the scheme of amalgamation approved by the Honourable High Court of Madras dt. 21.06.2010 (Ref Note. No:21)		
	<u>3820</u>	<u>2950</u>

SCHEDULE - 2 : RESERVES & SURPLUS				(Rs. in lakhs)
	As at 1-4-2009	Additions during the year	Withdrawn during the year	As at 31-3-2010
Capital Reserve	* 372	** 39133		39505
Share Premium	4973	-		4973
General Reserve	6650	0		6650
Profit & Loss Account	20570	0		31424
	<u>32565</u>			<u>82552</u>

* Represents profit on sale of Land & Buildings over the cost.

** Addition to the capital reserve account represents the difference between the amount recorded as share capital plus additional consideration in the form of cash and the share capital of Allied Minerals and Metals Private Limited pursuant to the scheme of amalgamation approved by the Honourable High Court of Madras dt 21.06.2010

SCHEDULES TO BALANCE SHEET

	As at 31-3-2010 (Rs. in lakhs)	As at 31-3-2009 (Rs. in lakhs)
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SCHEDULE - 3 : SECURED LOANS

FROM BANKS

Project Term Loan	26500	21500
Working Capital	7889	6700
	34389	28200
	34389	28200

NOTE TO SCHEDULE - 3

The Project Loans availed from the Central Bank of India and Canara Bank are secured by pari passu first charge basis on all moveable and immoveable properties of the company situated at Ariyalur(Line-I) and collaterally secured by a charge on the remaining block assets of the company.

The working Capital facilities with Central Bank of India is secured by hypothecation of Raw Materials, Stores, Spares, Packing materials, Fuel, Process Stock, Finished Goods and Book Debts of the Company and further secured by a second charge on all the immoveable properties of the company.

SCHEDULE - 4 : UNSECURED LOANS

	As at 31-3-2010 (Rs. in lakhs)	As at 31-3-2009 (Rs. in lakhs)
Foreign currency loan from a bank	0	3857
Inter Corporate Deposits	20020	49000
Interest free sales tax loan	21478	18646
	41498	71503
	41498	71503

SCHEDULE TO BALANCE SHEET

SCHEDULE - 5 : FIXED ASSETS

(Rs.in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NETBOOK	
	As at 01.04.2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2010	As at 01.04.2009	For the year	Adjustments during the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Goodwill	467	—	—	467	292	44	—	336	131	175
Freehold Land	9870	2421	—	12291	—	—	—	—	12291	9870
Leasehold Land	4	—	—	4	—	—	—	—	4	4
Buildings	15967	3009	4808	14168	4126	1011	(328)	4809	9359	11841
Plant & Machinery	134428	66092	1424	199096	77166	29500	1208	107874	91222	57262
Furniture & Fittings	495	77	—	572	240	18	—	258	314	255
Earth Moving Equipments & Vehicles	3632	163	—	3795	2393	198	—	2591	1204	1239
Railway Tracks & Sidings	1176	—	—	1176	881	40	—	921	255	295
TOTAL	166039	71762	6232	231569	85098	30811	880	116789	114780	80941
Previous Year	91320	74719	—	166039	42077	43021	—	85098		

Depreciation for the year includes Rs.3.87 lakhs being the amount to be capitalised

SCHEDULES TO BALANCE SHEET

SCHEDULE - 6 : INVESTMENTS- Long Term (At Cost)

	As at 31-3-2010 (Rs. in lakhs)	As at 31-3-2009 (Rs. in lakhs)
Non-Trade-Unquoted Equity Shares-Fully Paid Haaciendaa Infotech & Realtors P Ltd (100000 shares of Rs. 10 each)	58	58
	58	58
	58	58

SCHEDULE - 7 : CURRENT ASSETS

Inventories		
- Stores, Spares, Fuel and Packing Materials including in transit	13776	11185
- Stock of Cement	1704	1931
- Process Stock	3766	4533
- Stock of Raw Materials including in transit	3163	3812
	22409	21461
Sundry Debtors - Unsecured		
a) Debts outstanding for a period exceeding six months		
i) Considered Good	379	486
ii) Considered doubtful	0	0
	379	486
b) Other Debts Considered Good	6872	3384
	7251	3870
Less : Provision for doubtful debts	0	0
	7251	3870
	7251	3870
Cash, Cheques, Drafts and Stamps on hand and remittance in transit	104	75
Balances with Scheduled Banks in Current Account	7203	4224
	7307	4299
	7307	4299
Other Current Assets - Interest & Other Receivables	2	1
	2	1
	2	1
LOANS AND ADVANCES		
SECURED :		
Housing loan to employees	2	5
UNSECURED :		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	15550	13315
- Deposits	712	998
- Advance Tax & Tax deducted at source	21910	18665
	38174	32983
	38174	32983

SCHEDULES TO BALANCE SHEET

	As at 31-3-2010 (Rs. in lakhs)	As at 31-3-2009 (Rs. in lakhs)
SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors (Refer Note No.6 & 8)	8005	10123
Security Deposit from Stockists	1302	1151
Customers credit balances	2550	2181
Investors Education & Protection Fund (not due)		
- Unclaimed Dividend	101	74
- Unclaimed matured Deposits	2	2
Other Liabilities	2364	1089
	<u>14324</u>	<u>14620</u>
B. PROVISIONS		
- for Taxation	21319	20219
- for Fringe Benefit Tax	173	173
- for Employees Benefit Schemes	721	495
- for Proposed Dividend	0	2950
- for Tax on Dividend	0	502
	<u>22213</u>	<u>24339</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2010 (Rs. in lakhs)	For the year ended 31-03-2009 (Rs. in lakhs)
SCHEDULE - A : OTHER INCOME		
Interest on Deposits & Others (Tax deducted at source Rs. 2 lakhs - Previous year Rs. 7 lakhs)	17	46
Interest on Loans	2	2
Sale of Power	977	467
Sundry Sales	267	79
Rent	12	15
Miscellaneous Income	119	5
	<u>1394</u>	<u>614</u>
SCHEDULE - B : INCREASE / (DECREASE) IN STOCKS		
a. CEMENT STOCK :		
Stock at the close of the year	1704	1931
Less: Stock at the beginning of the year	1931	1636
	<u>(227)</u>	<u>295</u>
b. PROCESS STOCK :		
Stock at the close of the year	3766	4533
Less: Stock at the beginning of the year	4533	2319
	<u>(767)</u>	<u>2214</u>
Total a + b	<u>(994)</u>	<u>2509</u>
SCHEDULE - C : RAW MATERIALS CONSUMED		
Opening Stock	3812	2158
Add:		
Purchases	7977	10956
Own Quarrying	8591	6588
	<u>20380</u>	<u>19702</u>
Less: Closing Stock	3163	3812
	<u>17217</u>	<u>15890</u>
SCHEDULE - D : SALARIES, WAGES, BONUS & AMENITIES TO STAFF		
Salaries, Wages & Bonus (including Managerial Remuneration)	4745	2615
Welfare expenses	751	471
Contribution to Provident & Other Funds	958	684
	<u>6454</u>	<u>3770</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2010 (Rs. in lakhs)	For the year ended 31-03-2009 (Rs. in lakhs)
SCHEDULE - E : REPAIRS & MAINTENANCE		
Buildings	421	1051
Plant and Machinery	2005	454
Others	783	963
	<u>3209</u>	<u>2468</u>
	<u><u>3209</u></u>	<u><u>2468</u></u>
SCHEDULE - F : INTEREST		
Fixed loans	6895	4768
Others	784	310
	<u>7679</u>	<u>5078</u>
	<u><u>7679</u></u>	<u><u>5078</u></u>
SCHEDULE - G : OTHER EXPENSES		
Rent	36	14
Rates, Taxes and Licences	179	62
Insurance	233	140
Directors' Sitting Fees	2	2
Remuneration to Auditors:		
- Audit Fees	5	5
- For Certification	6	2
- Expenses	1	1
Legal Fees & Expenses	8	4
Bank Charges	112	148
Travelling & Conveyance	420	298
Postage & Telephone	95	74
Printing and Stationery	67	47
Miscellaneous Expenses	713	289
Bad debts written off	311	0
Donation	0	100
	<u>2188</u>	<u>1186</u>
	<u><u>2188</u></u>	<u><u>1186</u></u>

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF
PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

	For the year ended 31.03.2010		For the year ended ended 31.03.2009	
	Quantity (MT)	Value (Rs. in Lakhs)	Quantity (MT)	Value (Rs. in Lakhs)
A) SALES, OPENING & CLOSING STOCK OF GOODS PRODUCED				
CEMENT				
Opening Stock	68509	1931	60425	1636
Sales*	4010806	150848	3140812	132117
Closing Stock	61171	1704	68509	1931
CLINKER				
Opening Stock	202224	4199	104456	1745
Sales	50983	1420	1102	3
Closing Stock	16164659	3069	202224	4199
* Includes self consumption 13836 MT (previous year 69862 MT)				
B) DETAILS OF RAW MATERIALS CONSUMED				
Limestone	4417887	9418	3362777	8108
Fire Clay	77703	190	12329	35
Bauxite & Red Mud	7357	71	12158	110
Iron Ore	95158	1294	102728	1403
Gypsum	225406	2601	171394	1985
Fly Ash	655741	2526	588932	2283
Slag	106462	1117	166538	1877
Lime sludge	0	0	18627	89
C) LICENCED, INSTALLED CAPACITY & PRODUCTION FOR THE YEAR				
Annual Licenced/Installed Capacity				
Cement	6500000		4000000	
Production				
Cement	4003468		3148896	
Clinker	3029280		2318789	

	For the year ended 31.03.2010 Value (Rs. in Lakhs)		For the year ended 31.03.2009 Value (Rs. in Lakhs)	
D) VALUE OF IMPORTS (CIF BASIS)				
Capital Goods	9816		7135	
Spares & Components	2761		1410	
E) EXPENDITURE IN FOREIGN CURRENCIES				
Travelling & Other Expenses	0		2	
F) VALUE OF RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS CONSUMED		%		%
Raw materials - Imported	Nil	Nil	Nil	Nil
- Indigenous	17217	100	15183	100
Stores, Spare parts & components				%
- Imported	2271	11	879	3
- Indigenous	18090	89	25095	97
<p>Note : Stores & Spare parts consumed includes Rs.1633 Lakhs being the value of materials consumed on Raw material (Previous year Rs.2387 Lakhs) and includes items shown under other heads of expenses. It also includes stores Rs.10512 Lakhs for Capital Items (Previous year Rs.16408 Lakhs)</p>				
G) AMOUNT REMITTED IN FOREIGN CURRENCIES TOWARDS DIVIDEND		Nil		Nil
H) EARNINGS IN FOREIGN CURRENCIES		Nil		Nil

STATEMENT PURSUANT TO PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No./CIN	L93090TN1962PLC004947	State Code	18
Balance Sheet Date	31.03.2010		
II. Capital raised during the year (Amount - Rs. in Thousands)			
Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-
Amalgamation	870		
III. Position of Mobilisation and Deployment of Funds (Amount - Rs. in Thousands)			
Total Liabilities	19952588	Total Assets	19952588
Sources of Funds :			
Paid-up Capital	381990	Reserves & Surplus	8255204
Secured Loans	3438867	Unsecured Loans	4149782
		Deferred Tax	73066
Application of Funds :			
Net Fixed Assets	12432594	Investments	5800
Net Current Assets	3860515	Misc. Expenditure	-
Accumulated Losses	-		
IV. Performance of Company (Amount - Rs. in Thousands)			
Turnover	15266857	Total Expenditure	13994627
Profit / (Loss) before Tax	1272230	Profit / (Loss) after Tax	966365
Earning per Share Rs.	30.51	Dividend	-
V. Generic Names of Three Principal Products / Services of Company			
Item Code No. (ITC Code)	252329.01		
Product	Cement		

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

R. Krishnamoorthy
K. Ganapathy
SP.ST.Palaniappan
Directors

S. Hariharan
Company Secretary

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

Subject to our Report of even date
for V.Soundararajan & Co
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(M. No. 018030)

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

Place : Chennai
Date : 27.07.2010

CASH FLOW STATEMENT

	For the year 2009 - 10 (Rs. in lakhs)	For the year 2008 - 09 (Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	12722	(914)
Adjustments for:		
Depreciation	30808	42900
Interest	7679	5078
Provision for Doubtful Debts & Debts written off	237	0
	51446	47064
Operating Profit Before Working Capital Changes		
Adjustments for:		
Trade and other Receivables	(5563)	(9297)
Inventories	(948)	(4843)
Trade and Other Payables	(32)	(1069)
	44903	31855
Cash Generated from operations		
Interest paid	(7744)	(5020)
Income Tax Paid	(3727)	(7725)
	33432	19110
Net Cash from Operating activities	33432	19110
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(43757)	(70549)
Net Cash Used in Investing Activities	(43757)	(70549)

Chettinad Cement Corporation Limited

	For the year 2009 - 10 (Rs. in lakhs)	For the year 2008 - 09 (Rs. in lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share capital issued	870	0
Reserve on Amalgamation	39203	0
Proceeds of Long term Borrowings	5000	21400
Short Term & Unsecured Loans	(30005)	31645
Increase in Working Capital	1189	3038
Dividend paid	(2924)	(2930)
Net Cash from Financing Activities	13333	53153
Net increase in Cash & Cash equivalents	3008	1714
Cash & Cash equivalents - Opening balance	4299	2585
Cash & Cash equivalents - Closing balance	7307	4299

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

R. Krishnamoorthy
K. Ganapathy
SP.ST.Palaniappan
Directors

S. Hariharan
Company Secretary

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Chettinad Cement Corporation Ltd, for the year ended 31st March, 2010. The Statement has been prepared in accordance with the Clause 32 of the Listing Agreement with the Madras Stock Exchange Ltd. and National Stock Exchange of India Ltd. and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of 27th July, 2010 to the Members of the Company.

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

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

for Krishnaa & Co.
Chartered Accountants
Firm Regn.No.001453S
V. Krishnan
Partner
(M. No. 010970)

Place : Chennai
Date : 27.07.2010

NOTES FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31.03.2010

1) Significant Accounting Policies

- a) The Financial statements are prepared under historical cost convention and in accordance with generally accepted accounting practices and mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant Provisions of the Companies Act, 1956. Revenues are recognised and expenses are accounted on accrual basis.
- b) Sales are inclusive of excise duty and net of rebate and Value Added Tax.
- c) Fixed assets including capital work in progress are stated at cost net of CENVAT and Value Added Tax Credit. The borrowing cost directly attributable to the acquisition, construction or production of qualifying assets are capitalised. In respect of new projects the interest on loans and expenses (net) relating thereto are capitalised as part of cost till the assets are put to use.

- d) 1) Depreciation is provided on Fixed Assets as per the rates and procedures prescribed under Income Tax Act, 1961 on Written Down Value Method as follows :-

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

- 2) Leasehold land is amortised over the period of lease.
- 3) No depreciation is provided on quarry freehold lands.
- e) Long Term Investments are carried at Cost less any diminution in value, that is other than temporary.
- f) Retirement Benefits:
- i Liability towards Gratuity is covered by a group gratuity scheme with Life Insurance Corporation of India and annual contribution is based on actuarial valuation.
- ii Contribution to Superannuation Fund is accounted as per Company's scheme.
- iii Provident Fund contribution is made at the prescribed rates under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- iv Leave encashment is accounted on the basis of actuarial valuation.
- v Expenditure in respect of voluntary retirement as per Company's Scheme is written off in the year in which they are incurred.

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

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

- i Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
- ii In other cases such differences are accumulated in a "Foreign Currency Monetary Item Transaction Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31st March 2011.

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

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

- h) Inventories are valued at lower of cost computed on weighted average method and net realisable value.
 - i) Liabilities of contingent nature have been disclosed separately.
 - j) Government grants relating to specific fixed assets are shown as deduction from gross value of such assets.
 - k) Excise duty payable is accounted on production of finished goods.
 - l) Current tax is the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets will not be recognised on unabsorbed depreciation and carry forward losses unless there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
 - m) Revenue expenditure including overheads on Research & Development is charged as an expense through the relevant heads of account in the year in which they are incurred. Research & Development expenditure which results in the creation of Capital assets is taken as Fixed Assets and Depreciation is provided over such assets.
- 2) Estimated amount of contracts remaining to be executed on capital account not provided for Rs.30938 Lakhs (Rs.23586 Lakhs)
- 3) a) Salaries, Wages, PF & ESI allocated to other heads Rs 405 Lakhs (Rs.269 Lakhs).
b) Power allocated to other heads Rs. 148 Lakhs (Rs.142 Lakhs)
c) Stores & Spares allocated to other heads Rs. 139 Lakhs (Rs.160 Lakhs)
- 4) Contingent Liabilities not provided for
a) Letter of Credit given by Bankers Rs. 257 Lakhs (Rs.1869 Lakhs)
b) Guarantees given by the Banks Rs. 102 Lakhs (Rs.477 Lakhs)
c) Disputed amount of VAT credit of Rs.315 Lakhs (Rs.202 Lakhs)

- d) Disputed Royalty on Limestone Rs.547 Lakhs (Rs.547 Lakhs)
- e) Disputed Lease Rent on Government Lands Rs.74 Lakhs (Rs. 74 lakhs)
- 5) Buildings include ownership Flat at Mumbai and value of shares in Bombay Middle Class Cooperative Housing Society Ltd., in the name of the representative of the Company.
- 6) There are no Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of Principle amount together with Interest. The above information has been determined to the extent such parties have been identified on the basis of information available with the company and the same has been relied by the Auditors.
- 7) Remuneration paid to the managing director is Rs. 623 lacs (Minimum remuneration Rs. 48 lakhs) Computation of net profit under section 349 of the companies Act 1956

		2009-10 (Rs. In lacs)
Net profit before tax as per Profit & Loss Account		12722
Add: Remuneration to the Managing Director	623	
Directors Sitting Fees	2	625
		13347
Less: Prior period expenses		880
		12467
Remuneration to the Managing Director at 5% of the above		623

- 8) The Sundry Creditors includes Rs. 575 lacs (Rs.Nil) due to Managing Director being the balance remuneration for the year 2009-10.
- 9) The Company did not use jute bags in packing cement as per Jute Packaging Materials (Compulsory use in the Packing Commodities) Act 1987 in view of the Consumer's preference and resistance from workers who are handling the packing materials. The Supreme Court upheld the validity of the said Act. The Government did not include cement for compulsory packaging in Jute Bags from 1st July 1997. The Liability that may arise for non compliance of the said Act for the earlier period is not ascertainable.
- 10) Capital Work in Progress includes Rs. 8521 lakhs (Rs. 31316 lakhs) towards amount spent for the Projects as detailed below :-

	(Rs.in Lakhs)	
	As at 31.3.10	As at 31.3.09
Work in Progress	8096	30664
Preoperative Expenses (Net)	425	652
Total	8521	31316

11) DEFERRED TAX DETAILS	(Rs.in Lakhs)	
	As at 31.03.2010	As at 31.03.2009
Deferred Tax liability on account of		
Depreciation	676	629
Revenue	196	207
TOTAL	872	836
Deferred tax asset on account of:		
Expenses allowable on payment for tax purpose		
Leave encashment provision	141	77
VRS Provision	0	7
TOTAL	141	84

12) Power & Fuel is net of Wind Energy Generation income of Rs. Nil

(Rs.58 Lakhs) and Captive Power Plant Income of Rs. 18680 Lakhs (Rs.7671 Lakhs)

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

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

	(Rs.in Lacs)					
	CEMENT		POWER		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
REVENUE						
External sales	152234	132118	977	467	153211	132585
Inter segment sale	34	30	18680	7729	34	30
Total Sales	152268	132148	19657	8196	153245	132615
Other Income					417	147
Total Revenue					153662	132762
RESULT						
Segment result	17867	10608	2517	-6490	20384	4118
Unallocated income					0	0
Unallocated Expenses					0	0
Operating Profit					20384	4118
Interest expense					7679	5078
Interest Income					17	46
Income Tax						
- Grant					3080	5125
- Deferred					-21	-5678
- IFT					0	60
Profit from ordinary activities					9663	-421
Extraordinary expenses					0	0
Net Profit					9663	-421

OTHER INFORMATION

Segment Assets	166927	148813	32600	26116	199527	174929
Unallocated Assets	0	0	0	0	0	0
Total Assets	166927	148813	32600	26116	199527	174929
Segment liabilities	99515	129873	12908	8789	112423	138662
Unallocated liabilities	0	0	0	0	0	0
Total liabilities	99515	129873	12908	8789	112423	138662
Capital Expenditure	64343	62133	7419	12586	71762	74719
Unallocated capital						
Expenditure	0	0	0	0	0	0
Depreciation	27092	36771	3719	6250	30811	43021
Unallocated Depreciation	0	0	0	0	0	0
Non-Cash expenses						
other than depreciation	0	0	0	0	0	0

14) Employee Benefits : Details as per As 15.

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

A) Employee Plan

a) Provident Fund

b) Superannuation Fund

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

The Superannuation Fund is managed by the Life Insurance Corporation of India.

B) In respect of Gratuity and Leave Encashment

(Rs.in Lakhs)

	2009-10		2008-09	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitments	(1352)	414	(1081)	228
Fair value of Plan Assets	1045		814	-
Net liability in the Balance Sheet	(307)	414	(267)	228
Movement in net liability recognized in the Balance Sheet				
Net liability as at beginning of the year	(267)	(228)	(279)	(181)
Net expense recognised in the Profit and Loss account				
Contribution during the year	267	35	289	21
Net liability as at end of the year	(307)	(414)	(267)	228
Expense recognised in the Profit and Loss account				
Current service cost	70	165	56	54
Interest cost	86	16	63	13
Expected return on plan assets	(84)	-	(52)	-
Actuarial (gains)/losses	235	40	210	1
Expense charged to the Profit and Loss Account	307	221	277	68
Return on plan assets				
Expected return on plan assets	84	-	52	-
Actuarial (gains)/losses	0	-	13	-
Actual return on plan assets	84	-	65	-
Reconciliation of defined-benefit commitments				
Commitments as at beginning of the year	(267)	(228)	(279)	(181)
Current service cost	(70)	(165)	(56)	(54)
Interest cost	(86)	(16)	(63)	(13)
Paid benefits	267	35	289	21
Actuarial (gains)/losses	(235)	(40)	(210)	1
Expected return on Plan	84	-	52	-
Commitments as at end of the year	(307)	414	267	(228)
Reconciliation of plan assets				
Plan assets at beginning of the year	814	-	545	-
Expected return on plan assets	84	-	52	-
Contributions during the year	268	-	289	-
Paid benefits	(121)	-	(85)	-
Actuarial gains/(losses)	0	-	13	-
Plan assets as at end of the year	1045	-	814	-
Principle Assumption				
Discount Rate	8 %	8 %	8 %	8 %
Expected return on Plan Assets	8 %	-	8 %	-
Expected rate of salary Increase	5 %	4 %	5 %	4 %
Mortality				LIC (1994-96) Ultimate

15) Related Party Disclosures

	Year ended 31.03.2010 (Rs. in Lakhs)		Year ended 31.03.2009 (Rs. in Lakhs)	
	Associates	Key management Personnel	Associates	Key management Personnel
Purchase of Goods	3680		8729	
Sale of Goods	1409		956	
Services availed	12306		11652	
Deposits Accepted (ICD)	59275		28100	
Deposits Repaid (ICD)	88255		5600	
Interest on Deposits	4418		5847	
Dividend	279	1476	279	1476

Details of Transaction with Associates/Key Management Personnel the amount of which is in excess of 10% of the Total Related Party Transactions of similar nature.

	Year ended 31.03.2010 (Rs. in Lakhs)		Year ended 31.03.2009 (Rs. in Lakhs)	
	Associates	Key management Personnel	Associates	Key management Personnel
Purchase of Goods				
Chettinad Logistics P.Ltd	3649		7634	
Chettinad Structural & Engg. P.Ltd	0		1088	
Sale of Goods				
Chettinad Builders P.Ltd	1263		932	
Services				
Chettinad Builders P.Ltd	6604		6652	
Chettinad Logistics P.Ltd	1230		2264	
South India Corpn.Ltd	1840		67	
Chettinad Earthmovers P.Ltd	2109		2128	
Chettinad Structural & Engg. P.Ltd	0		541	
Deposit Accepted				
Chettinad Lignite Transport Services P. Ltd.	9295		3000	
Chettinad Hospitals P.Ltd	4000		17000	
Allied Minerals & Metals P Ltd	39980		0	
Chettinad Logistics P.Ltd	5300		8000	
Deposit Repaid				
Chettinad Logistics (P) Ltd.	9875		1000	
Chettinad Hospitals P.Ltd	37900		600	
Chettinad Lignite Transport Services P. Ltd	500		4000	
Allied Minerals & Metals P Ltd **	39980		0	
Interest				
Chettinad Logistics P.Ltd	888		1303	
Chettinad Lignite Transport Services P. Ltd.	9330		1068	
Chettinad Hospitals P.Ltd	2472		3471	
Dividend				
Dr .M. A. M. Ramaswamy		918		918
Sri M.A.M.R.Muthiah		558		558
Chettinad Software Services P.Ltd	261		261	
Remuneration				
Sri M.A.M.R.Muthiah		623		48

** Amount adjusted on amalgamation

A) Names of related parties and description of relationship and closing balance.

i) Name of Associate

- 1 South India Corporation Ltd.
- 2 Chettinad Structural & Engineering P. Ltd
- 3 Chettinad Logistics Private Ltd.
- 4 Chettinad Builders Private Ltd.
- 5 Chettinad Port Services Private Ltd.
- 6 Chettinad International Coal Terminal Private Ltd.
- 7 Chettinad Financial Management Services Private Ltd.
- 8 Chettinad Software Services Private Ltd.
- 9 Hacienda Infotech and Realtors Private Ltd.
- 10 Chettinad Hospitals Private Ltd
- 11 Chettinad Corporation Private Ltd.
- 12 Chettinad Plantations Private Ltd.
- 13 SIC Travancore Private Ltd.
- 14 Chettinad Morimura Semiconductor Material Private Ltd.
- 15 Chettinad Quartz Product Private Ltd.
- 16 Chettinad Lignite Transport Services Private Ltd.
- 17 Chettinad Realtors Private Ltd.
- 18 Chettinad Energy Private Ltd.
- 19 Chettinad Pharmaceuticals Private Ltd.
- 20 Chettinad Electronics Private Ltd.
- 21 Chettinad e-publishing Private Ltd.
- 22 Chettinad Trucks and Equipments Private Ltd.
- 23 Chettinad Earth Movers Private Ltd.
- 24 Chennai Computer and Software Services Private Ltd.
- 25 Chettinad Clearing and Forwarding Private Ltd.
- 26 Chettinad Land and Building Development Private Ltd.
- 27 Chettinad Projects Development Private Ltd.
- 28 Chettinad Inland Water Transport Private Ltd.
- 29 Allied Minerals & Metals Pvt. Ltd

ii) Closing Balance Cr. Rs. 20487 Lakhs (Cr. Rs. 49037 Lakhs)

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

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

Sitting fees of Rs.12000/- (Rs.8000/-) paid to Dr. M.A.M. Ramaswamy, Chairman.

Remuneration and sitting fees of Rs.623.54 Lakhs (Rs.48.48 Lakhs) paid to Sri M.A.M.R. Muthiah, Managing Director.

16) Earning per share

	(Rs.in lakhs)	
	2009-10	2008-09
Profit as per Profit & Loss account	9663	(421)
Add: Arrears of Depreciation	0	18147
Adjusted Net Profit for the year	9663	17726
Number of equity shares	382	295
Basic and Diluted earnings per share (In Rs.)	30.51	60.08
(Face value of Rs.10 per share)		

- 17) Research and Development Expenditure for the year is Rs.55 Lakhs (Rs.55 Lakhs) including Depreciation of Rs.0.38 Lakhs (Rs.3.70 Lakhs)
- 18) The CENVAT credit disallowance on some of the inputs, capital goods, service tax on goods transports and levy of differential excise duty, amounts to Rs.4979 Lakhs as on 31.3.2010 (Rs.2279 Lakhs) and remain unpaid against which the company has preferred appeals. Based on the earlier favourable decisions on similar issues by the Appellate Authorities, in the opinion of the management, there may not be any liability.
- 19) Disclosure as required by Accounting Standard 19, "Leases" prescribed by the Companies (Accounting Standard) Rules, 2006 are given below:

a Where the Company is a lessee

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

b Where the Company is a lessor:

Details in respect of assets given on operating lease.

Particulars	Gross Block as at 31.03.2010 (Rs.in Lakhs)	Accumulated Depreciation As at 31.03.2010 (Rs.in Lakhs)	Depreciation (Corresponding to the period of lease rentals) (Rs.in Lakhs)
Freehold Building	130	21	0.01

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

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

- 20) The company has filed writ petitions challenging the validity of levy of Fringe Benefit Tax before the High Court of Madras. Interim stay has been obtained. However as an abundant caution, provision has been made for the above.
- 21) During the financial year 2009-10, M/s Allied Minerals and Metals Private Limited, a Group Company, holding substantial limestone bearing lands in Andhra Pradesh, amalgamated with the company, pursuant to a scheme of amalgamation sanctioned by Honorable High Court of Madras on 21 June, 2010 with effect from 1st January 2010, being the appointed date. Accordingly, the entire business and all assets and liabilities of M/s Allied Minerals and Metals Private limited were transferred and vested in the company as on the appointed date. The effect of amalgamation has been included in the financial statements of the company for the year ended 31.03.2010.

The Amalgamation has been accounted as per the scheme sanctioned by the Honourable High Court of Madras, under the "Pooling of Interest method" which is in line with accounting standard 14 "Accounting for Amalgamation" prescribed by the Companies (Accounting standard) Rules, 2006. Upon the Scheme of Amalgamation becoming fully effective, the Authorised Share Capital of both Transferor and Transferee Companies stood combined to Rs.50000 Lakhs in the Books of the Transferee Company.

Accordingly, the accounting treatment has been given as under:

All assets and liabilities including the provisions of the transferor company as at the appointed date have been recorded in the books of transferee company at the book value.

Pursuant to the sanctioned scheme of amalgamation, 86,95,648 Equity shares of Rs. 10/- each of Chettinad Cement Corporation Limited has been issued and allotted to the shareholders of Allied Minerals and Metals Private limited on 14th day of July 2010 in the ratio of 1 equity share of Rs. 10 each of Chettinad Cement Corporation Limited for every 46 equity shares of Rs. 10 each held in Allied Minerals and Metals Private limited as on the record date.

The excess of value of assets over the value of liabilities of the Transferor Company after adjusting aggregate face value of shares issued to the members of Transferor Company, amounting to Rs.39131 Lakhs, pursuant to the Scheme of Amalgamation have been carried to the Capital Reserve Account.

- 22) Confirmations of balances have been sought and obtained from Parties covering substantial amount of outstanding and wherever applicable necessary adjustments have been made in the Accounts. In respect of other Parties, the balances as appearing in the books of accounts have been adopted.
- 23) There is no impairment of assets as per Accounting Standard 28.
- 24) Previous years figures have been regrouped wherever necessary and figures in brackets, unless otherwise mentioned, relate to previous year.
- 25) The Company has been granted eligibility certificate whereby the company is entitled to the benefit of IEST deferral scheme for manufacturing cement for 12 years ending 2013 for deferral of sales tax not exceeding Rs.21477.84 Lakhs . the company has availed the entire benefit as on 31.03.2010. Such sales tax deferral has to be repaid in stipulated instalments commencing from Financial Year 2014-15.
- 26) The Interest of Rs. Nil (724 Lakhs) has been capitalised during the year towards borrowing cost attributed to the acquisition of qualifying Assets.
- 27) During the year a loss of Rs 20 lakhs (Previous year Rs. 826 lakhs) arising out of exchange difference on translation of Foreign Currency loans availed for acquisition of Fixed Assets has been capitalised as per the option provided under AS-11 of Companies (Accounting Standard) Rules, 2006.

M.A.M. Ramaswamy
Chairman

M.A.M.R. Muthiah
Managing Director

R. Krishnamoorthy
K. Ganapathy
SP.ST.Palaniappan
Directors

S. Hariharan
Company Secretary

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

Subject to our Report of even date
for V.Soundararajan & Co
Chartered Accountants
Firm Regn.No.003943S
V.S.Ravikumar
Partner
(M. No. 018030)

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

Place : Chennai
Date : 27.07.2010



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

ATTENDANCE SLIP

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

I
 hereby record my presence, at the 47th Annual General Meeting.

Date : 21st September 2010 (Tuesday)
 Time : 10.00 a.m.
 Venue : "Rani Seethai Hall", No. 603, Anna Salai, Chennai - 600 006.

.....
 Signature of the Shareholder Signature of the Proxy

To be filled in by the Shareholder :- Folio No. / Client ID :
 No. of Shares :



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 Email ID : shares@chettinadcement.com

FORM OF PROXY

I / We
 of in the district of being a Member / Members of
 the above named Company, hereby appoint of
 or failing him of
 as my/our Proxy to attend and vote for me/us on my / our behalf at the 47th Annual General Meeting of the
 Company to be held on Tuesday, the 21st September, 2010 at 10.00 a.m. and at any adjournment thereof.

Signed this the day of 2010.

Folio No. / Client ID : No. of Shares :

For Office Use :	
Proxy No.	Date of Receipt

Signature

Affix 15 Paise Revenue Stamp

NOTE :

- 1 Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- 2 A Proxy need not be a member.
- 3 A 15 paise Revenue Stamp should be affixed to this and it should then be signed by the member.
- 4 The Form thus completed should be deposited at the Registered Office of the Company at "Rani Seethai Hall Building", 603, Anna Salai, Chennai - 600 006, not less than forty eight hours before the meeting.