

#### **Board of Directors**

Shri P.R. Ramasubrahmaneya Rajha, B.Sc.  
Chairman

Shri P.R. Venketrama Raja, B.Tech., MBA  
Vice-Chairman & Managing Director

Shri S. Arjuna Raja

Shri S.S. Ramachandra Raja, B.Sc.

Shri K.T. Ramachandran, B.E.

Shri N.K. Shrikantan Raja, B.Com.

Shri M.G. Balasubramanian, I.A.S. (Retd.)

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

#### **Registered Office**

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

#### **Corporate Office**

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

#### **Factories**

##### **I. Building Products Division**

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

##### **II. Textile Division (Cotton Yarn)**

**Rajapalayam**, Tamil Nadu

#### **Subsidiary Companies**

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

#### **Bankers**

State Bank of India  
HDFC Bank Limited  
IDBI Bank Limited  
Kotak Mahindra Bank Limited  
Tamilnad Mercantile Bank Limited  
Indusind Bank Limited  
Indian Bank  
State Bank of Indore  
The Karur Vysya Bank Limited  
Export - Import Bank of India  
State Bank of Mauritius Limited

#### **Auditors**

M/s. M.S. Jagannathan & N. Krishnaswami  
Chartered Accountants  
31, Premier Flats, Karur Bypass Road  
TIRUCHIRAPALLI – 620 002, Tamil Nadu

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

#### **Contents**

	Page No.
Financial Highlights	2
Notice to Shareholders	3 - 5
Directors' Report	6 - 13
Corporate Governance Report	14 - 21
Shareholders' Information	22 - 23
Auditors' Report and Financial Statements of Ramco Industries Limited	24 - 43
Auditors' Report and Consolidated Financial Statements of Ramco Industries Limited and its Subsidiaries	44 - 56

Rs. in lakhs

FINANCIAL HIGHLIGHTS	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Earnings</b>					
Sales & Other Income	15364	17271	20854	25978	33267
Operating Profit	3476	5072	5881	7310	7702
Cash Generation	2869	4768	5141	6489	6108
Net Profit (PAT)	1860	2419	2884	3308	2432
<b>Assets Employed</b>					
Net Fixed Assets	7231	9468	10670	20436	20109
Investments	12670	15824	16023	18048	19283
Net Current Assets	3731	3657	4143	7477	8463
<b>TOTAL</b>	<b>23632</b>	<b>28949</b>	<b>30836</b>	<b>45961</b>	<b>47855</b>
<b>Financed By:</b>					
<b>A. Shareholders' Funds</b>					
a. Equity Shareholders' investment	100	100	100	100	100
b. Bonus Shares	333	333	333	333	333
Reserves and Surplus	13322	15377	17785	20370	22069
Deferred Tax Liability	1201	1782	1807	2707	2802
<b>Total Shareholders' funds (A)</b>	<b>14956</b>	<b>17592</b>	<b>20025</b>	<b>23510</b>	<b>25304</b>
<b>B. Borrowed Funds</b>					
Short Term Borrowings	1467	5882	4005	8504	6333
Term Loans	7209	5675	6806	13947	16218
<b>Total Borrowings (B)</b>	<b>8676</b>	<b>11357</b>	<b>10811</b>	<b>22451</b>	<b>22551</b>
<b>TOTAL (A) + (B)</b>	<b>23632</b>	<b>28949</b>	<b>30836</b>	<b>45961</b>	<b>47855</b>
Book Value per Share (Rs.)	319	366	421	480	519
Earnings Per Share (Rs.)	43	56	67	76	56
Dividend %	60	75	100	150	150
Dividend Payout %	16	15	17	22	27
P/E Ratio as at 31st March	3.16	5.36	10.75	19.16	13.91
Operating Profit Ratio %	22.62	29.37	28.20	28.14	23.14
Gross Fixed Assets per share (Rs.)	278	351	407	672	724
Market Price of Share (Rs.)					
a. As on 31st March*	136	300	720	1456	779
b. high**	203	407	758	1500	1900
c. low**	96	120	250	670	632
Market Capitalisation® (Rs. in lakhs)	5893	12999	31199	63091	33755
Debt - Equity Ratio	0.63	0.72	0.59	1.08	1.00
Current Ratio	1.16	1.09	1.32	1.92	1.36

\* NSE Quotations.

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

® Based on the market price as on 31st March.



## NOTICE TO THE MEMBERS

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of the Company will be held at **11.15 A.M. on Friday, the 27th July, 2007** at P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam 626 108 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March 2007 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 2006-07.
3. To appoint a Director in the place of Shri K.T. Ramachandran, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Shri P.R. Ramasubrahmaneya Rajha, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Shri S. Arjuna Raja, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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

“RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants be and are hereby jointly appointed as the Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.2,00,000/- (Rupees Two lacs only) each, exclusive of out-of-pocket expenses.”

Place: Chennai  
Date : May 30, 2007

By Order of the Board  
For RAMCO INDUSTRIES LIMITED  
**(P.R. RAMASUBRAHMANEYA RAJHA)**  
Chairman

## NOTES

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
- (ii) Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 20.07.2007 to 27.07.2007 (both days inclusive).
- (iv) The Final Dividend, on declaration, will be paid in respect of Shares held in physical form to the Shareholders whose names appear in the Register of Members as on 27.07.2007 and in respect of Shares held in electronic form to the beneficial owners whose names appear in the list furnished by the Depositories for this purpose as on 19.07.2007.
- (v) The Securities and Exchange Board of India has made it mandatory for all Companies to use the bank account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of Dividend.
- (iv) Under the provisions of Section 205 C of the Companies Act, 1956, Dividends remaining unpaid for a period of over 7 years will be transferred to the Investors' Education & Protection Fund (IEPF) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not encashed/claimed their Dividends relating to the Financial Year 1999-2000 and thereafter may write to the Company for claiming the amount before it is so transferred to the IEPF. The details of due dates for transfer of such unclaimed Dividends to the said Fund are given below:

<b>Dividend for the Financial Year Ended</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date for claiming the Dividend Amount from the Company</b>	<b>Due Date for transfer to IEP Fund</b>
31.03.2000	09.08.2000	08.08.2007	06.09.2007
31.03.2001	01.08.2001	31.07.2008	29.08.2008
31.03.2002	07.08.2002	06.06.2009	04.09.2009
31.03.2003	11.08.2003	10.08.2010	08.09.2010
<u>31.03.2004</u> Interim Dividend Final Dividend	25.10.2003 28.07.2004	24.10.2010 27.07.2011	22.11.2010 25.08.2011
<u>31.03.2005</u> I Interim Dividend II Interim Dividend Final Dividend	25.08.2004 28.01.2005 10.08.2005	24.08.2011 27.01.2012 09.08.2012	22.09.2011 25.02.2012 07.09.2012
<u>31.03.2006</u> I Interim Dividend II Interim Dividend Final Dividend	29.10.2005 30.01.2006 27.07.2006	28.10.2012 29.01.2013 26.07.2013	26.11.2012 27.02.2013 24.08.2013

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

### 1. Shri K.T. Ramachandran

Shri K.T. Ramachandran, aged 69 years is B.E in Civil Engineering from Madras University. He was appointed as a Director of Ramco Industries Limited in 1986 and since then he continues to be a Director extending valuable guidance. He is a Member of the Audit Committee, Remuneration Committee and Share Transfer Committee of the Board of Directors of the Company. He is also a Director in M/s. Thanjavur Spinning Mill Limited.

He holds in his name, 11,000 Shares in the Company.

### 2. Shri P.R. Ramasubrahmaneya Rajha

Shri P.R. Ramasubrahmaneya Rajha, aged 71 years, is a leading Industrialist, heading the RAMCO Group of Companies, having a turnover of over Rs.2700 Crores, as Chairman. The Ramco Group has interests in the businesses of Cotton Yarn, Cement, Fibre Cement and other Building Products, Software and Bio-Technology. Under the leadership of Shri P.R. Ramasubrahmaneya Rajha, the Ramco Group has increased its turnover manifold to become one of the most respected Industrial Groups, achieving international recognition for its quality products and services.

Shri P.R. Ramasubrahmaneya Rajha has been on the Board of Ramco Industries Limited since inception. He is a Member of the Investor Grievances Committee and Share Transfer Committee of the Board of Directors of the Company. He is a Director on the Board of the following Companies :

1.	Madras Cements Limited	Chairman & Managing Director
2.	Rajapalayam Mills Limited	Chairman
3.	Ramco Systems Limited	Chairman
4.	The Ramaraju Surgical Cotton Mills Limited	Chairman
5.	Thanjavur Spinning Mill Limited	Chairman
6.	Sri Vishnu Shankar Mill Limited	Chairman
7.	Sandhya Spinning Mill Limited	Chairman
8.	Sudharsanam Investments Limited	Chairman
9.	Madras Chipboard Limited	Chairman
10.	Ramco Infotech Solutions Limited	Chairman
11.	Sri Harini Textiles Limited	Chairman
12.	Sri Sandhya Farms (India) Private Limited	Director
13.	Sri Saradha Deepa Farms Private Limited	Director
14.	Ramamandiram Agricultural Estate Private Limited	Director
15.	Nalina Agricultural Farms Private Limited	Director
16.	Ramco Systems Corporation, USA	Director
17.	Sri Ramco Lanka (Private) Limited, Sri Lanka	Director
18.	RCDC Securities and Investments Private Limited	Director
19.	Nirmala Shankar Farms & Estates Private Limited	Director
20.	Sri Nithyalakshmi Farms Private Limited	Director
21.	Ram Sandhya Farms Private Limited	Director

He holds in his name, 2,27,750 Shares in the Company.

### 3. Shri S. Arjuna Raja

Shri S. Arjuna Raja, aged 88 years, was first appointed as a Director of Ramco Industries Limited in 1965. He has been associated with the Company right from the inception and continues to render valuable counsel/ services to the Company. He is a Member of the Remuneration Committee, Investor Grievances Committee and Share Transfer Committee of the Board of Directors of the Company. He is also a Director in M/s. Thanjavur Spinning Mill Limited and M/s. Sudharsanam Investments Limited.

He holds 7 Shares in the Company, in his name.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 42<sup>nd</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007.

	For the Year ended 31.03.2007  (Rs in Lakhs)	For the Year ended 31.03.2006  (Rs in Lakhs)
<b>FINANCIAL RESULTS</b>		
Operating Profit : Profit before Interest, Depreciation and Tax (PBIDT)	7702	7310
Less : Interest and Finance charges	1594	821
Profit before Depreciation and Tax (PBDT)	6108	6489
Less : Depreciation	2778	1741
Profit before Tax (PBT)	3330	4748
Less: Provision for		
- Current Tax	770	500
- Deferred Tax	95	900
- Fringe Benefit Tax	33	40
Profit after Tax (PAT)	2432	3308
Add : Balance Profit from last year	478	412
Surplus for Appropriation	2910	3720
Appropriations :		
Transfer to General Reserve	1800	2500
1 <sup>st</sup> Interim Dividend-50% (P.Y.-50%)	217	217
2 <sup>nd</sup> Interim Dividend-50% (P.Y.-50%)	217	217
Final Dividend on 43,33,153 Equity Shares of Rs.10/- each @ 50% (P.Y.-50%)	217	217
Tax on Dividends	97	91
Balance carried over to Balance Sheet	362	478
<b>TOTAL</b>	<b>2910</b>	<b>3720</b>

## DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Rs.5.00 per Share (P.Y:Rs.5.00 per Share) on the Equity Capital. Together with the 1<sup>st</sup> Interim Dividend of Rs.5.00 per Share (P.Y:Rs.5.00 per Share) and the 2<sup>nd</sup> Interim Dividend of Rs.5.00 per Share (P.Y:Rs.5.00 per Share) paid during the year, the total Dividend for the year 2006-07 is Rs.15.00 per Share (P.Y:Rs.15.00 per Share)

## TAXATION

An amount of Rs.770 Lakhs towards Current Year Income-Tax, Rs.95 Lakhs towards Deferred Tax, Rs.33 Lakhs towards Fringe Benefit Tax and Rs.97 Lakhs towards Dividend Tax have been provided for the year 2006-07.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### REVIEW OF OPERATIONS AND CURRENT TRENDS

#### A. BUILDING PRODUCTS DIVISION

PRODUCT	PRODUCTION Qty. in M.T.		SALES Qty. in M.T.		TURNOVER Rs. in Lakhs	
	31.03.07	31.03.06	31.03.07	31.03.06	31.03.07	31.03.06
Fibre Cement Sheets	4,29,670	3,87,970	4,22,156	3,57,414	23,316	20,834
Calcium Silicate Boards	11,910	7,726	10,166	5,545	1,635	916

##### (a) Fibre Cement Sheets

Production of Fibre Cement Sheets (FC Sheets) for the year 2006-07 increased by 41,700 M.T. showing a growth of 11 % over the previous year. Sales during the year increased by 64,742 M.T. registering a growth of 18%.

Due to sharp increase in raw material costs and lower realization due to acute competition, the Sheet Division's Profits have come down during the year under review.

However, considering the expansion of Capacities undertaken in recent years, the Company is confident of increasing its Production and Sales volumes, thereby improving the market share and also profitability during the current year 2007-08.

##### (b) Calcium Silicate Boards

Production of Calcium Silicate Boards continued to be stable during the year under review. The Production improved to 11,910 M.T. from 7,726 M.T. and the Sales increased to 10,166 M.T. from 5,545 M.T. The Turnover for the year was Rs.1635 Lakhs as against Rs.916 Lakhs during the previous year.

With increased efforts on marketing, there has been considerable improvement in the demand for the Calcium Silicate Boards and higher volumes of Production and Sales is expected further during the current year also.

##### (c) Fibre Cement Pressure Pipes

The Pressure Pipes Division, is operated by M/s. Kanoria Sugar and General Manufacturing Company Limited (Kanoria) under Licence Agreement. An amount of Rs.170 Lakhs has been received as Licence Fee during the year under review from Kanoria, for production of 38,932 M.T. (Previous Year - Rs.113 Lakhs for a production of 28,347 M.T.).

##### (d) Cement clinker grinding plant at Kharagpur, West Bengal

During the year 2006-07, the Unit produced 11,219 M.T. of Cement, out of which 10,691 M.T. was consumed in the FC Sheet Division and the balance 528 M.T. was sold in the market.

##### (e) Plastic Storage Containers

The Plant to produce Water Storage Tanks with an installed capacity of 55,000 Litres Per Day was commissioned at the Company's Silvassa Factory on 22.03.2007. In March 2007, the Unit produced 51 Nos Water Storage Tanks with capacities aggregating 52,000 Litres and sold 5 Nos. of Tanks with total capacities 15,000 Litres.

One more Unit for producing similar Plastic Storage Tanks is under erection at the Company's Maksi Plant, which is expected to be commissioned shortly.

## B. WIND MILLS

As on 31.03.2007, the position regarding Wind Mills is as follows :-

Total capacity installed	:	14.90 MW (P.Y: 14.90 MW)
Total Units generated during 2006-07	:	330 Lakh Units (P.Y: 141 Lakh Units)
Income earned during 2006-07 (by generation of power)	:	Rs.1,067 Lakhs (P.Y: Rs. 485 Lakhs)

## C. TEXTILES DIVISION (COTTON YARN) - SRI RAMCO SPINNERS

### Production and Sales

During the year 2006-07 the Unit produced 20.87 Lakh Kgs. of Cotton Yarn as compared to 12.21 Lakh Kgs. produced during the previous year. The Unit's sale of Yarn during the year was 20.73 Lakh Kgs. as against 11.83 Lakh Kgs. in 2005-06. The value of the Exports for the year was Rs.3,067 Lakhs compared to Rs.1,724 Lakhs in the previous year.

Taking advantage of the growing demand for the Cotton Yarn both in Domestic and International Markets and also the availability of Loan under Technology Up-gradation Fund with subsidized Interest cost, in July 2006, it was proposed to further increase the capacity of the Cotton Yarn Unit by adding 16,800 Spindles comprising 14 Frames to the existing capacity of 26,208 Spindles. This Project is expected to be completed by August 2007.

### Outlook for 2007-08

The Cotton prices are now at reasonable levels. With the removal of quota restrictions and good demand as stated above, the Unit is expected to be in a position to achieve satisfactory results.

The Board of Directors thank M/s. Mitsubishi Corporation and M/s. Doko Spinning Company Ltd., Japan for their continued support.

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

The production at the FC Sheet Plant of the Company's Wholly Owned Subsidiary in Sri Lanka, was 1,07,123 M.T. during the year ended 31.3.2007 as against 1,00,783 M.T. during the corresponding previous year. The Subsidiary sold 1,12,113 M.T. during 2006-07 as compared to 1,00,662 M.T. during 2005-06. The Net Sales was SLR.18,008 Lakhs (INR.7,733 Lakhs) as against SLR 13,980 Lakhs (INR 6,118 Lakhs) during the corresponding previous year.

## TAXES AND DUTIES

During the year under review, Customs/Central Excise duties paid on the Company's products amounted to Rs.3,939 Lakhs. Together with Sales tax and other taxes, the Company's contribution to the Public Exchequer was Rs.5,989 Lakhs.

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

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

## INDUSTRIAL RELATIONS

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



## **PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, though not given in this Report, is available for inspection by the Members at the Registered / Corporate office of the Company during the working hours as per the proviso (b)(iv) to Section 219(1) of the Companies Act, 1956. Any member interested in obtaining a copy of the said particulars may also write to the Corporate Office of the Company.

## **RESEARCH AND DEVELOPMENT EFFORTS**

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

During 2006-07, an amount of Rs.2.66 Lakhs had been incurred on R&D efforts by way of revenue expenditure.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri K.T. Ramachandran, Shri P.R. Ramasubrahmaneya Rajha and Shri S. Arjuna Raja, Directors retire by rotation and are eligible for re-election.

## **PUBLIC DEPOSITS**

The total Deposits from the general public outstanding with the Company as on 31<sup>st</sup> March 2007 were Rs.73.95 Lakhs including the Deposits renewed in accordance with Section 58A of the Companies Act, 1956. This also includes 11 Deposits with Maturity values aggregating Rs.12.88 Lakhs which had fallen due on or before 31<sup>st</sup> March, 2007 but not claimed by the Depositors from whom disposal instructions are yet to be received. Out of the above Unclaimed Deposits, one Deposit with the Maturity Value of Rs.18,032/- has been remitted to Central Government for credit of Investors' Education and Protection Fund on 17.04.2007.

## **SHARES**

The Company's Equity Shares continue to be listed in the three Stock Exchanges viz., The Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

## **AUDITORS**

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants, Auditors of the Company retire at the end of the 42<sup>nd</sup> Annual General Meeting and are eligible for re-appointment.

## **SUBSIDIARIES**

Government of India, Ministry of Company Affairs, vide their letter No: 47/130/2007-CL-III dated 23.03.2007, have conveyed their approval under Section 212(8) of the Companies Act, 1956 exempting the Company from attaching the full text of the Financial Statements of the Company's two Subsidiaries viz., Sri Ramco Lanka (Private) Limited, Sri Lanka and M/s. Sudharsanam Investments Limited, India, along with the Company's accounts for the year ended 31.03.2007.

However, as required under the said approval, necessary disclosures have been made in respect of the two Subsidiary Companies, in the Statements (furnished in this Report) pursuant to Sec. 212 of the Companies Act, 1956.

The Annual Accounts of the two Subsidiaries and the related detailed information will be made available to the Investors of the Company/ Subsidiaries seeking such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company.

### **CONSOLIDATED FINANCIAL STATEMENTS**

As required under Accounting Standard 21, issued by The Institute of Chartered Accountants of India, the Audited Financial Statements of the parent Company and the two Subsidiary Companies have been consolidated and such Consolidated Financial Statements for the year ended 31.03.2007 along with the Auditors' Report thereon are annexed hereto and the same form part of this Annual Report.

### **CORPORATE GOVERNANCE**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that –

- In the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2007, the applicable accounting standards had been followed ;
- The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- The Annual Accounts were prepared on a going concern basis.

### **ACKNOWLEDGEMENT**

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

On behalf of the Board of Directors  
for RAMCO INDUSTRIES LIMITED

Place : Chennai  
Date : May 30, 2007

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2007

In terms of Section 217(1) of the Companies Act (as amended) and the disclosure of particulars in the Report of the Board of Directors Rules, 1989, the following information is furnished for the year ended 31.03.2007.

### A. CONSERVATION OF ENERGY

(a)	Energy conservation measures taken	Energy saving devices have been installed and energy consumption is constantly monitored.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	—
(c)	Impact of measures at (a) and (b) above, for reduction of energy consumption and consequent impact on the cost of production of goods	—
(d)	Total energy consumption per unit of production of goods	Particulars given in Form A (pertaining to Cotton Yarn Division)

### B. TECHNOLOGY ABSORPTION

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

(f)	(i) Activities relating to Exports	The Company has exported Cotton yarn of value Rs.3,067 Lakhs during the year under review.
	(ii) Initiatives taken to increase exports	Efforts to increase Exports to European Countries and to penetrate American market are underway.
	(iii) Development of new export markets for products and service	To achieve this, the Company has obtained "Oeko" Certificates indicating that the Company's Yarn is free from harmful substances that affect human body.
	(iv) Export plans	
(g)	(i) Total foreign exchange used	Rs. 997.48 Lakhs
	(ii) Total foreign exchange earned	Rs. 3,106.16 Lakhs

### Form-A (See rule – 2)

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

### A. POWER AND FUEL CONSUMPTION (Pertaining to Cotton Yarn Division)

	Year ended 31.03.2007	Year ended 31.03.2006
<b>1. ELECTRICITY</b>		
(a) Purchased from TNEB		
Units	1,48,30,068	76,99,436
Total amount	Rs. 6,56,27,489	Rs. 3,41,08,103
Rate/unit	Rs. 4.43	Rs. 4.43
(b) Own Generation		
(i) Through Diesel Generator		
Units	1,49,639	1,76,934
Units per ltr. of diesel oil	3.23	3.05
Cost/Unit	Rs. 10.60	Rs. 7.15
(ii) Through HFO Generator		
Units	6,74,000	9,72,376
Units per ltr. of furnace oil	3.57	3.70
Cost/Unit	Rs. 5.52	Rs. 3.46
(iii) Through Steam turbine/ generator		
Units	-	-
Units per ltr. of fuel oil/gas	-	-
Cost/Unit	-	-
<b>2. COAL</b>	-	-
<b>3. OTHERS</b>	-	-

## B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year 2006-07	Previous Year 2005-06
<u>Products (with details)</u>			
<b>100% Cotton Yarn</b>			
Unit per Kg.		-	-
Electricity		Rs. 5.53	Rs. 5.54
Furnace Oil		-	-
Coal (Specify quality) %		-	-
Others (Specify)		-	-

### Form – B

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY RESEARCH AND DEVELOPMENT (R & D)

### 1. SPECIFIC AREAS IN WHICH R & D IS CARRIED OUT BY THE COMPANY

#### In Building Products Division :

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

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

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

### 3. FUTURE PLAN OF ACTION

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

### 4. Expenditure on R & D

Recurring expenditure	:	Rs.2.66 lakhs
Capital Expenditure	:	Nil
Total	:	Rs.2.66 lakhs
R&D expenditure as a percentage of total turnover of FC Sheets	:	0.01%

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### (pertaining to Cotton Yarn Division)

- |  |   |  |
|--|---|--|
| 1. Efforts, in brief, made towards technology          | } | New type of Bale Plucker has been installed in   |
| Absorption, adaptation and innovation                  | } | Mixing Department to achieve reduction of man    |
|  | } | power.   |
|  | } | Improved Contamination Detector installed to     |
|  | } | achieve segregation of jute, hair, polypropylene |
|  | } | etc. from raw cotton.                            |
|  | } | Slub Yarn Attachment has been installed in       |
|  | } | existing Ring Frames to produce Value-added      |
|  | } | Yarn like Multicount and Multitwist Yarn.        |
| 2. Benefits derived as a result of the above efforts   | } | Improved product being offered to Indian and     |
| e.g. product improvement, cost reduction, product      | } | International Yarn Markets.                      |
| development, import substitution, etc.                 | } |  |
| 3. In case of imported technology (imported during     | } | Not Applicable                                   |
| last 5 years reckoned from the beginning of the        | } |  |
| financial year) following information may be furnished | } |  |
| (a) Technology Imported; (b) Year of Import;           | } |  |
| (c) Has technology been fully absorbed (d) If not,     | } |  |
| areas where this has not taken place,                  | } |  |
| reason therefore & future plans of action.             | } |  |

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company is headed by the Chairman, Shri P.R. Ramasubrahmaneya Rajha. Shri P.R. Venketrama Raja is the Vice-Chairman and Managing Director. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Law, Finance, Engineering, etc. The Board has 8 Directors out of which 7 Directors are Non-Executive, including 3 Independent Directors. Independent Directors constitute 37.5% of the total strength of the Board of Directors as against the requirement of 33.3% under the Code of Corporate Governance. There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, four Board Meetings were held, one each on 27.05.2006, 27.07.2006, 30.10.2006 and 30.01.2007.

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

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

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

The previous Annual General Meeting of the Company was held on 27<sup>th</sup> July, 2006 at Rajapalayam. The following Directors attended the Annual General Meeting:

Sl. No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri S. Arjuna Raja
3.	Shri S.S. Ramachandra Raja
4.	Shri N.K. Shrikantan Raja
5.	Shri M.G. Balasubramanian, I.A.S., (Retd.)
6.	Dr. A. Ramakrishna

## **CODE OF CONDUCT**

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

### **1. FOR DIRECTORS**

A Director being a Trustee of the Shareholders shall –

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

### **2. FOR SENIOR MANAGEMENT PERSONNEL**

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

A Senior Management personnel shall –

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

The Code of Conduct has also been posted on the Company's Website **[www.ramcoindltd.com](http://www.ramcoindltd.com)**

The Declaration from Shri P.R. Venketrama Raja, Vice-Chairman and Managing Director regarding affirmation of the compliance of the Code of Conduct by the Members of the Board and the Senior Management Personnel for the year ended 31.03.2007 is enclosed to this Report.

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

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

#### a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

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

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

Sl.No.	Name of the Director	No. of Meetings attended
1.	Shri M.G. Balasubramanian, I.A.S., (Retd.) Chairman of the Committee	4
2.	Shri K.T. Ramachandran	4
3.	Dr. A. Ramakrishna	3

No. of Meetings held during the year : 4

Date of Meetings : 25.05.2006, 21.07.2006, 27.10.2006 & 23.01.2007

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

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

#### b) REMUNERATION COMMITTEE

Sl.No.	Name of the Director
1.	Shri M.G. Balasubramanian, I.A.S., (Retd.) Chairman of the Committee
2.	Shri S. Arjuna Raja
3.	Shri K.T. Ramachandran

No. of Meetings held during the year : 3

Dates of the meetings : 31.07.2006, 30.10.2006 & 30.01.2007

#### c) INVESTOR GRIEVANCES COMMITTEE

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

No meeting was held during the F.Y 2006-07 as there was no Investor complaint.



**d) SHARE TRANSFER COMMITTEE**

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

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

**All the above Committees meet as and when necessity arises.**

**4. BOARD PROCEDURE**

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

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

**5. REMUNERATION OF DIRECTORS**

The details of remuneration paid to the Managing Director are given in Item No.12 of the Notes on Accounts attached to the Balance Sheet/Profit & Loss Account.

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

**6. DISCLOSURE OF SHAREHOLDINGS OF NON - EXECUTIVE DIRECTORS**

Following are the details of Shareholdings of the Non-Executive Directors in the Company, in their names, as on 31.03.2007 :-

Sl. No.	Name of the Non-Executive Director	No. of Shares held as on 31.03.2007	% to Paid-up Capital
1.	Shri P.R. Ramasubrahmaneya Rajha	2,27,750	5.26%
2.	Shri S. Arjuna Raja	7	-
3.	Shri S.S. Ramachandra Raja	20,384	0.47%
4.	Shri N.K. Shrikantan Raja	6,007	0.14%
5.	Shri K.T. Ramachandran	11,000	0.25%

Other two Non-Executive Directors are not holding any Share in the Company.

**7. MANAGEMENT**

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

**8. SHAREHOLDERS**

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

## SHAREHOLDER INFORMATION

<b>Registered Office :</b>	47, P.S.K. Nagar <b>Rajapalayam 626 108</b> (Tamil Nadu)
<b>Corporate Office :</b>	“Auras Corporate Centre”, VI Floor 98-A, Dr. Radhakrishnan Road Mylapore, <b>Chennai 600 004</b>

## PLANT LOCATIONS

(a) <b>Building Products Division :</b> (i) Fibre Cement Sheet Units :	<ol style="list-style-type: none"> <li><b>Arakkonam</b>, Tamil Nadu</li> <li><b>Karur</b>, Karnataka</li> <li><b>Maksi</b>, Madhya Pradesh</li> <li><b>Silvassa</b>, Union Territory of Dadra &amp; Nagar Haveli</li> <li><b>Kharagpur</b>, West Bengal</li> <li><b>Ibrahimpattam</b>, Vijayawada, A.P</li> <li><b>Sinugra Village</b>, Anjar Taluk, Gujarat</li> </ol>
(ii) Fibre Cement Pressure Pipes Unit	<b>Maksi</b> , Madhya Pradesh
(iii) Calcium Silicate Board Unit	<b>Arakkonam</b> , Tamil Nadu
(iv) Cement Clinker Grinding Unit	<b>Kharagpur</b> , West Bengal
(v) Plastic Storage Containers Unit	<b>Silvassa</b> , Union Territory of Dadra & Nagar Haveli
(b) <b>Textile Division :</b> Cotton Yarn Spinning Unit	<b>Rajapalayam</b> , Tamil Nadu
(c) <b>Windfarm Division:</b>	<ol style="list-style-type: none"> <li>Tirunelveli and Coimbatore Districts, Tamil Nadu</li> <li>Chitradurga District, Karnataka</li> <li>Kutch District, Gujarat</li> </ol>

### Person to be contacted for shareholder enquiries:

S. KRISHNAN  
Company Secretary (Compliance Officer)  
Ramco Industries Limited  
“Auras Corporate Centre”, VI Floor  
98-A, Dr. Radhakrishnan Road  
Mylapore, CHENNAI – 600 004  
Phone: 28478585; Fax: 28478597; E Mail : sk@ril.co.in

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

## LISTING ON STOCK EXCHANGES

The Company's Shares continue to be listed on The Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing Fees for the year 2007-08 have been paid to all three Stock Exchanges

### Stock Code

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

## GENERAL MEETINGS

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

Year ended	Date	Time	Venue
31.03.2004	28.07.2004	10.30 A.M.	P.A.C.R.Centenary Community Hall Sudharsan Gardens Rajapalayam 626 108 (Tamil Nadu)
31.03.2005	10.08.2005	11.30 A.M.	-do-
31.03.2006	27.07.2006	11.30 A.M.	-do-

One Special Resolution for alteration of the Objects Clause of the Memorandum of Association of the Company, requiring Postal Ballot as per Section 192A of The Companies Act, 1956 was passed on 27.07.2006.

## Ensuing Annual General Meeting

DATE	TIME	VENUE
27.07.2007	11.15 A.M.	P.A.C.R.Centenary Community Hall Sudharsan Gardens, P.A.C.Ramasamy Raja Salai Rajapalayam 626 108 (Tamil Nadu)

## FINANCIAL CALENDAR: (For the Financial Year April 2006 to March 2007)

Board Meeting for consideration of Accounts and recommendation of Dividend	30.5.2007
Posting of Annual Report	On or before 02.07.2007
Book Closure dates	20.07.2007 to 27.07.2007 (Both days inclusive)
Last date for receipt of Proxy forms	24.07.2007
Date of the 42 <sup>nd</sup> AGM	27.07.2007
Dividend Payment date	On or after the date of AGM but within 30 days

## TENTATIVE FINANCIAL CALENDAR FOR 2007-08

1. Unaudited results for Q.E. 30.06.2007	Between 15th & 31st July, 2007
2. Unaudited results for Q.E. 30.09.2007	Between 15th & 31st October, 2007
3. Unaudited results for Q.E. 31.12.2007	Between 15th & 31st January, 2008
4. Audited results for Quarter/Year ended 31.03.2008	Between 15th & 31st May, 2008
5. AGM for the year ended 31.03.2008	July / August 2008

## MEANS OF COMMUNICATION

The Un-audited Quarterly and Half yearly Financial Results and Audited Annual Results were published in English in Financial Express (All editions) and in Tamil in Maalai Murasu (Chennai and Madurai editions). All the Financial Results were faxed immediately to the three Stock Exchanges where the Shares of the Company are listed and also displayed on the Company's website [www.ramcoindltd.com](http://www.ramcoindltd.com).

The Financial Results and other specified information are also being filed on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatic Centre for online information to the Investors / General Public.

## DEPOSITORY SYSTEM

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

As per SEBI directive, the Company has retained the services of **M/s. Cameo Corporate Services Limited**, "Subramanian Building", No: 1, Club House Road, **Chennai – 600 002** (Their Phone No: 044 - 2846 0390 and Fax

No: 044 – 2846 0129) for the Depository Services relating to both NSDL and CDSL and also for the Share Registry Services in respect of Shares held in Physical form. As on 31<sup>st</sup> March 2007, 86.78 % of the Shares have been dematerialized.

In view of the advantages offered by the Depository System, Members who have not yet dematerialized their Shares are requested to avail the facility of dematerialization of the Shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's **ISIN No.INE 614A01010**.

### SHARES HELD IN ELECTRONIC FORM

Shareholders holding Shares in electronic form may please note that :

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

### REDRESSSEL OF GRIEVANCES

There is no pending Share transfer as on 31.03.2007.

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

Any Shareholder who is having grievance may kindly send e-mail to [investors\\_grievances@ril.co.in](mailto:investors_grievances@ril.co.in)

### DISCLOSURES

- (i) The Company has no Related Party Transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant Related Party Transactions. A summary of the significant Related Party Transactions have been disclosed under "Notes on Accounts".
- (ii) There has been no penalty/stricture imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years.
- (iii) Mandatory requirements have been complied with. Non-mandatory aspects wherever complied with have been incorporated in this Corporate Governance Report.

### SOCIAL COMMITMENTS

During the year 2006-07, the Company's contribution for various Charitable causes, including renovation of temples and other social causes amounted to Rs.41 Lakhs.

### DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March 2007.

Place : Chennai  
Date : May 30, 2007

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

To  
The Board of Directors  
Ramco Industries Limited  
Rajapalayam.

**Certification under Clause 49 (V) of the Listing Agreement**

We hereby certify that –

We have reviewed the financial statements and the cash flow statement of Ramco Industries Limited for the year ended 31-3-2007 and that to the best of our knowledge and belief, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we confirm that there are no deficiencies in the design or operation of such internal controls.

There were **no** instances on account of the following, which were required to be indicated to the Auditors' and the Audit Committee:

Significant changes in the internal control over the financial reporting, Significant changes in accounting policies, Significant fraud of which we have become aware.

**S. A. BHIMA RAJA**  
President

**P. R. VENKETRAMA RAJA**  
Vice-Chairman & Managing Director

Place : Chennai  
Date : May 30, 2007

**AUDITORS' CERTIFICATE**

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

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

For **CNGSN & ASSOCIATES**  
Chartered Accountants

**K. SRINIVASAN**  
Partner  
Membership No. 21510

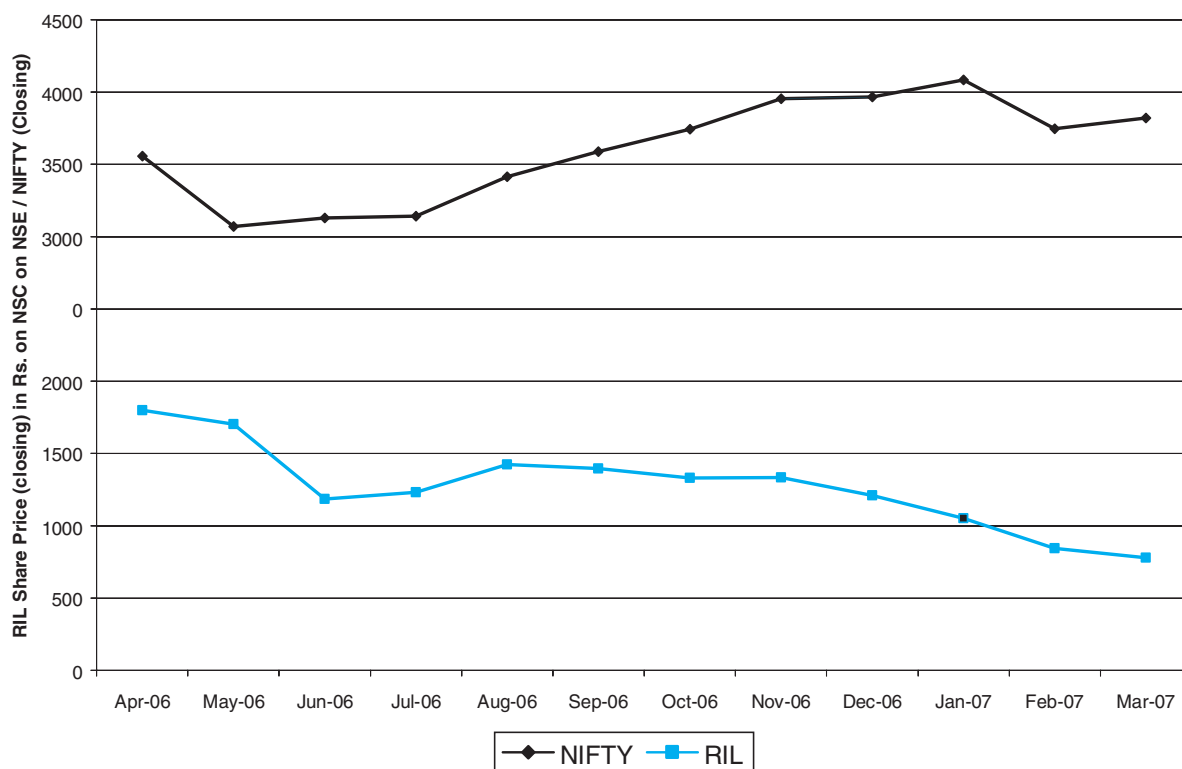
**C.N. GANGADARAN**  
Partner  
Membership No. 11205

Place : Chennai  
Date : May 30, 2007

**STATISTICAL DATA**  
**Share Price - High & Low / Volume**  
(During April 2006 to March 2007 in NSE & BSE)

Month	National Stock Exchange of India Ltd			Bombay Stock Exchange Ltd		
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High (Rs.)	Low (Rs.)	No. of Shares Traded
April 2006	1845.00	1401.25	8876	1875.00	1402.00	4254
May	1900.00	1560.00	13718	1900.00	1655.00	9873
June	1689.00	1160.00	7442	1678.00	1145.00	16267
July	1288.80	1150.00	8693	1279.00	1130.00	4310
August	1485.00	1200.00	6816	1425.00	1180.00	6451
September	1460.00	1350.00	29599	1495.00	1305.00	17511
October	1500.00	1285.00	27156	1490.00	1290.00	9252
November	1375.00	1215.80	21637	1424.00	1236.00	26466
December	1355.00	1121.05	8754	1350.00	1130.00	6475
January 2007	1370.00	1030.00	15082	1424.00	1011.00	26117
February	1058.75	800.00	16734	1085.00	810.05	14767
March	858.00	632.10	92755	870.00	615.00	78068

**RIL Share Price Movement vis-a-vis NIFTY**



### Pattern of Shareholding as on 31.03.2007

Description	Total Share holders	%	No. of Shares held	% to Capital
<b>A. PROMOTERS HOLDING</b>				
Promoters & Promoter Group	49	1.61	24,46,508	56.46
<b>B. NON-PROMOTERS HOLDING</b>				
1. Mutual Funds & UTI	6	0.20	1,87,980	4.34
2. F.Is / Banks	6	0.20	3,63,993	8.40
3. Central/State Govt/s; VCF; Ins.Companies	-	-	-	-
4. Foreign Institutional Investors	3	0.10	15,469	0.36
5. Bodies Corporate	160	5.25	1,28,350	2.96
6. Individual Shareholders holding nominal Share Capital :				
a. Upto Rs. 1.00 Lac	2,778	91.23	7,49,312	17.29
b. In excess of Rs. 1.00 Lac	25	0.82	4,30,347	9.93
7. Others - Clearing Members & Trust	18	0.59	11,194	0.26
<b>Grand Total</b>	<b>3,045</b>	<b>100.00</b>	<b>43,33,153</b>	<b>100.00</b>

### Distribution of Shareholding as on 31.03.2007

Range (No. of Shares)	Total Share holders	%	Total Shares	%
Upto - 500	2,683	88.11	2,13,764	4.93
501 to 1000	115	3.78	88,330	2.04
1001 to 2000	92	3.02	1,39,632	3.22
2001 to 3000	37	1.22	90,557	2.09
3001 to 4000	15	0.49	51,975	1.20
4001 to 5000	12	0.39	57,358	1.33
5001 to 10000	39	1.28	2,87,376	6.63
10001 & above	52	1.71	34,04,161	78.56
<b>Total</b>	<b>3,045</b>	<b>100.00</b>	<b>43,33,153</b>	<b>100.00</b>

### Category of Shareholding as on 31.03.2007

Category	Total Share holders	%	No. of Shares held	%
Dematerialised Form :				
NSDL	2,083	68.41	28,69,568	66.23
CDSL	471	15.47	8,90,552	20.55
Physical Form	491	16.12	5,73,033	13.22
<b>Total</b>	<b>3,045</b>	<b>100.00</b>	<b>43,33,153</b>	<b>100.00</b>

## AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of **Ramco Industries Limited, Rajapalayam** as at 31st March, 2007 and the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, We report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. As per representation made by the Company and its Directors, no Director is disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies act, 1956;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007;
    - ii. in so far it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii. in so far it relates to the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For **M.S. JAGANNATHAN & N. KRISHNASWAMI**  
Chartered Accountants  
**K. SRINIVASAN**  
Partner  
Membership No. 21510  
Place : Chennai  
Date : May 30, 2007

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



### Annexure to the Auditors' Report

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

- i. a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b The management at reasonable intervals has physically verified the fixed assets of the Company and no material discrepancies were noticed on such verification.
- c The Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. a The management has conducted physical verification at reasonable intervals in respect of its inventory.
- b The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- iii. a The Company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently we are not commenting on the related clauses.
- b The Company has not taken any loans from parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. The Company has an internal control system which is adequate and is commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There are no major weaknesses in internal controls system.
- v. a Particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register maintained for such purpose.
- b These transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has accepted deposits from the public and the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under where applicable have been complied with.
- vii. The Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records under clause (a) of sub-section (1) of section 209 of the Companies Act, 1956.
- ix. a The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- b The disputed statutory dues aggregating to Rs.5.59 crores that have not been deposited on account of matters pending before appropriate authorities are as under:

SI No	Name of the statute	Forum where dispute is pending	Amount (Rs. In crores)
1	Income-tax Act	Appellate authorities	0.67
2	Sales-tax Act	Appellate authorities	3.99
		Appellate Tribunal	0.04
		High Court	0.89
		Total	5.59

- x. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund or society. Therefore clause 4(xiii) is not applicable to the company.
- xiv. The Company is not dealing or trading in shares or securities, debentures and other investments. Therefore clause 4(xiv) is not applicable to the Company.
- xv. The terms and conditions of the guarantee given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
- xvi. The new term loans during the year were applied for the purposes for which these were raised.
- xvii. As explained in Note no.8 of Notes on Accounts (Schedule 23), we are of the opinion that the Company has utilized Rs.29.68 Crores from Short Term sources towards Long Term obligations.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. No fraud on or by the Company has been reported or noticed during the year.

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

Place : Chennai  
Date : May 30, 2007

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

**BALANCE SHEET AS AT 31st MARCH, 2007**

		As at 31.03.2007		As at 31.03.2006	
	Schedule	Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	4,33,31,530		4,33,31,530	
(b) Reserves & Surplus	2	<u>2,20,72,94,529</u>	2,25,06,26,059	<u>2,03,88,09,309</u>	2,08,21,40,839
<b>2. Loan Funds</b>					
(a) Secured Loans	3	1,62,18,39,081		1,39,47,48,876	
(b) Unsecured Loans	4	<u>63,32,92,743</u>	2,25,51,31,824	<u>85,04,15,004</u>	2,24,51,63,880
<b>3. Deferred Tax Liability</b>			28,01,55,594		27,06,55,594
<b>TOTAL (I)</b>			<u>4,78,59,13,477</u>		<u>4,59,79,60,313</u>
<b>II. APPLICATION OF FUNDS:</b>					
<b>1. Fixed Assets</b>					
Gross Block	5	3,08,68,54,847		2,88,05,71,481	
Less: Depreciation		<u>1,12,68,52,617</u>		<u>86,67,04,506</u>	
Net Block		1,96,00,02,230		2,01,38,66,975	
Add: Capital works in progress		<u>5,08,70,675</u>	2,01,08,72,905	<u>2,97,69,391</u>	2,04,36,36,366
<b>2. Investments</b>			1,92,82,71,487		1,80,48,10,841
<b>3. Current Assets</b>					
<b>Loans and Advances</b>					
a) Interest accrued on Investments & deposits		88,635		12,654	
b) Inventories	7	59,29,30,401		63,95,21,845	
c) Sundry Debtors	8	23,99,04,560		22,52,28,361	
d) Cash & Bank balances	9	5,79,56,847		10,84,95,060	
e) Loans & Advances	10	<u>35,32,64,919</u>		<u>20,09,69,001</u>	
		1,24,41,45,362		1,17,42,26,921	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	11	29,21,33,574		34,78,24,342	
Provisions	12	<u>10,56,47,863</u>		<u>7,87,04,389</u>	
		39,77,81,437		42,65,28,731	
<b>4. Net Current Assets</b>			84,63,63,925		74,76,98,190
<b>5. Miscellaneous Expenditure</b>			4,05,160		18,14,916
<b>Total (II)</b>			<u>4,78,59,13,477</u>		<u>4,59,79,60,313</u>
Significant Accounting Policies	22				
Notes on Accounts	23				
The Schedules referred to above form part of the accounts					

As per our Report Annexed

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

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director  
  
S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

Place : Chennai  
Date : May 30, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007**

	Schedule	For the year ended 31.03.2007 Rs.	For the year ended 31.03.2006 Rs.
<b>INCOME</b>			
Sales	13	2,93,10,55,099	2,39,27,86,524
Power generated from Wind Mills		10,67,01,431	4,85,37,777
Other Income	14	28,89,40,396	15,64,62,578
Increase in stocks	21	5,79,77,029	14,91,30,078
		<u>3,38,46,73,955</u>	<u>2,74,69,16,957</u>
<b>EXPENDITURE</b>			
Raw Materials consumed		1,74,47,64,393	1,33,48,38,435
Cost of Resale Materials		2,24,41,448	1,16,19,256
Stores consumed		9,87,10,428	6,10,74,243
Power and Fuel		23,69,76,666	18,15,99,118
Salaries, Wages, Bonus etc.	15	18,87,50,354	15,90,28,801
Managing Director's remuneration		1,62,24,677	2,36,88,467
Rates and Taxes		1,61,76,596	1,68,87,158
Interest and Finance charges	16	15,93,72,594	8,20,86,990
Repairs and Maintenance	17	6,16,29,039	5,22,69,370
Selling expenses	18	10,95,71,103	8,96,62,043
Administrative and Other expenses	19	11,51,45,817	8,30,40,329
Depreciation	20	27,77,74,825	17,41,57,770
Donations		40,94,155	22,06,604
Provision for Taxation:			
Current Tax		7,70,00,000	5,00,00,000
Deferred Tax		95,00,000	9,00,00,000
Fringe Benefit Tax		33,00,000	40,00,000
		<u>3,14,14,32,095</u>	<u>2,41,61,58,584</u>
<b>PROFIT FOR THE YEAR</b>		<b>24,32,41,860</b>	<b>33,07,58,373</b>

**PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31.03.2007**

	For the year ended 31.03.2007 Rs.	For the year ended 31.03.2006 Rs.
<b>PROFIT FOR THE YEAR</b>	24,32,41,860	33,07,58,373
Add:		
Balance in P&L Account B/F	4,78,11,193	4,11,65,987
Balance available for Appropriation	<u>29,10,53,053</u>	<u>37,19,24,360</u>
Appropriated as:		
Transfer to General Reserve	18,00,00,000	25,00,00,000
Equity Dividends - Interim	4,33,31,530	4,33,31,530
Equity Dividends - Final	2,16,65,765	2,16,65,765
Tax on Dividend	97,59,345	91,15,872
Balance carried over to Balance Sheet	<u>3,62,96,413</u>	<u>4,78,11,193</u>
	<u>29,10,53,053</u>	<u>37,19,24,360</u>

Earnings per share

Basic and Diluted Earnings Per Share of Rs.10/- each

56

76

As per our Report Annexed

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

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director  
  
S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

Place : Chennai

Date : May 30, 2007

**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2007**

		As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>1 SHARE CAPITAL</b>			
Authorised:			
50,00,000 Equity Shares of Rs.10/- each		<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid-up:			
43,33,153 Equity Shares of Rs.10/- each			
(Of the above, 33,35,000 equity shares were allotted as fully paid Bonus Shares by capitalisation of General Reserve)		<u>4,33,31,530</u>	<u>4,33,31,530</u>
<b>2 RESERVES AND SURPLUS</b>			
Share Premium		2,09,53,206	2,09,53,206
General Reserve:			
As per Last Balance Sheet	1,97,00,44,910		
Add: Transfer during the year	<u>18,00,00,000</u>	2,15,00,44,910	1,97,00,44,910
Balance in Profit & Loss Account		<u>3,62,96,413</u>	<u>4,78,11,193</u>
TOTAL		<u>2,20,72,94,529</u>	<u>2,03,88,09,309</u>
<b>3 SECURED LOANS</b>			
(see Item no.15 of Schedule 23)			
<b>TERM LOAN:</b>			
Rupee Loans from Banks		1,10,34,65,219	1,21,07,02,000
<b>OTHERS</b>			
Working Capital borrowings from Banks		<u>51,83,73,862</u>	<u>18,40,46,876</u>
TOTAL		<u>1,62,18,39,081</u>	<u>1,39,47,48,876</u>
<b>4 UNSECURED LOANS</b>			
<b>FIXED DEPOSITS</b>			
From Directors		11,27,674	34,80,578
From Others		<u>73,94,925</u>	<u>81,48,426</u>
<b>SHORT TERM LOANS</b>			
FCNR(B) Loans from Banks		47,47,70,144	21,27,86,000
Rupee Loans from Bank		<u>15,00,00,000</u>	<u>62,60,00,000</u>
TOTAL		<u>63,32,92,743</u>	<u>85,04,15,004</u>

## SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2007

### 5. FIXED ASSETS

( In Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION	NET BLOCK	
	As at 01.04.2006	Additions	Withdrawals / Adjustments	As at 31.03.2007	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
LAND	4,70,03,561	2,95,22,081	4,48,649	7,60,76,993	-	7,60,76,993	4,70,03,561
LAND - LEASEHOLD	6,28,549	-	-	6,28,549	1,58,725	4,69,824	4,76,173
BUILDINGS	44,44,33,093	1,81,22,806	16,53,226	46,09,02,673	11,65,24,318	34,43,78,355	35,28,57,087
RAILWAY SIDINGS	20,68,254	-	-	20,68,254	19,21,633	1,46,621	1,81,608
PLANT & MACHINERY	1,95,40,05,140	18,13,96,579	(16,89,87,317)	2,30,43,89,036	88,36,23,236	1,42,07,65,800	1,28,08,00,919
ELECTRICAL MACHINERY	34,15,26,488	45,74,217	17,91,14,692	16,69,86,013	9,16,50,881	7,53,35,132	26,98,77,065
FURNITURE AND OFFICE EQUIPMENTS	5,41,33,800	13,40,480	1,81,36,587	3,73,37,693	1,82,61,236	1,90,76,457	3,80,03,636
VEHICLES	2,65,11,055	24,75,251	7,82,211	2,82,04,095	1,28,15,570	1,53,88,525	1,57,27,757
AIR CRAFT @	1,02,61,541	-	-	1,02,61,541	18,97,018	83,64,523	89,39,169
<b>TOTAL</b>	<b>2,88,05,71,481</b>	<b>23,74,31,414</b>	<b>3,11,48,048</b>	<b>3,08,68,54,847</b>	<b>1,12,68,52,617</b>	<b>1,96,00,02,230</b>	<b>2,01,38,66,975</b>

@ Represents 1/8th share in a jointly owned Aircraft

### 6 INVESTMENTS

#### I QUOTED

Shares in Madras Cements Ltd:

23,36,690 Nos. Equity Shares of

Rs.10/- each fully paid-up

34,98,55,066

Add: Purchases during the year

53,931 Nos. Equity Shares of Rs.10/- each

13,38,34,065

48,36,89,131

34,98,55,066

Shares in Rajapalayam Mills Ltd:

4,23,680 Nos. Equity Shares of

Rs.10/- each fully paid-up

4,11,08,780

4,11,08,780

Shares in Indian Bank

1,391 Nos. Equity Shares of Rs.10/- each fully paid-up

1,26,581

-

Shares in HDFC Ltd:

62,040 Nos. Equity Shares of

Rs.10/- each fully paid-up

8,26,970

8,26,970

Shares in HDFC Bank Ltd:

1,100 Nos. Equity Shares of

Rs.10/- each fully paid-up

11,000

11,000

Shares in Ramco Systems Ltd:

48,22,215 Nos. Equity shares of

Rs.10/- each fully paid up

1,22,16,19,454

1,22,16,19,454

30,000 Nos. Shares of Rs.10/-each in

Vysya Bank Housing Finance Ltd.

3,00,000

3,00,000

Shares in Thanjavur Spinning Mill Ltd:

7,50,000 Nos. Equity Shares of

Rs.10/- each fully paid up

1,05,00,000

Sold During the year

1,05,00,000

-

1,05,00,000

**TOTAL**

**1,74,76,81,916**

**1,62,42,21,270**

**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2007**

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>INVESTMENTS (Contd.)</b>		
<b>II UNQUOTED</b>		
National Savings Certificates	52,000	52,000
Shares in Ramco Industries		
Employees Co-operative Stores Ltd, Arakkonam	2,500	2,500
Shares in Southern Asbestos Cement		
Employees Co-operative Stores Ltd, Karur	2,500	2,500
50,000 shares of Rs.10/- each in		
Ontime Transport Company Ltd	5,00,000	5,00,000
2 nos. Shares of Rs.100/- each of		
Simandhar Shopping Centre Owners Association	200	200
1,00,000 units of Rs.10/- each in HDFC Balanced Fund	10,00,000	10,00,000
<b>TOTAL</b>	<b>15,57,200</b>	<b>15,57,200</b>
<b>III INVESTMENTS IN SUBSIDIARIES (UNQUOTED):</b>		
42,50,000 Equity Shares of Rs.10/- each in		
Sudharsanam Investments Limited	4,25,00,000	4,25,00,000
2,30,00,000 Equity Shares of SLR 10/- each in		
Sri Ramco Lanka (Private) Ltd, Sri Lanka	13,65,32,371	13,65,32,371
<b>TOTAL</b>	<b>17,90,32,371</b>	<b>17,90,32,371</b>
<b>GRAND TOTAL</b>	<b>1,92,82,71,487</b>	<b>1,80,48,10,841</b>
Aggregate amount of quoted investments :		
At cost	1,74,76,81,916	1,62,42,21,270
At Market value	7,43,59,24,739	6,52,66,13,154
Aggregate amount of unquoted investments at cost	18,05,89,571	18,05,89,571
<b>7 INVENTORIES</b>		
Stores and Spares	4,29,95,433	3,85,84,054
Raw Materials	12,52,62,853	24,81,73,989
Finished Goods	40,76,04,940	34,64,21,276
Stock in process	1,70,67,175	63,42,526
<b>TOTAL</b>	<b>59,29,30,401</b>	<b>63,95,21,845</b>
<b>8 SUNDRY DEBTORS (See note No.9 of item 23)</b>		
Unsecured		
Debts outstanding for a period		
exceeding six months - Considered good	89,11,000	57,18,506
Considered doubtful	3,08,684	3,08,684
Less: Provision for Doubtful Debts	3,08,684	3,08,684
Other Debts, considered good	-	-
<b>TOTAL</b>	<b>23,09,93,560</b>	<b>21,95,09,855</b>
<b>9 CASH &amp; BANK BALANCES</b>		
Cash on Hand	9,02,662	6,77,164
Bank Balances:		
With Scheduled Banks in Current Accounts	5,16,87,670	8,78,83,469
With Scheduled Banks in Short Term Deposit Accounts	30,53,854	1,83,22,582
With Scheduled Banks in Unpaid Dividend Accounts	23,12,661	16,11,845
<b>TOTAL</b>	<b>5,79,56,847</b>	<b>10,84,95,060</b>
<b>10 LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or kind	24,29,30,145	10,30,09,694
Advance Income tax and Tax deducted		
at Source	7,69,94,748	6,00,54,297
Deposits with Govt. Departments and Others	2,70,55,580	2,70,25,282
Prepaid Expenses	62,84,446	1,08,79,728
<b>TOTAL</b>	<b>35,32,64,919</b>	<b>20,09,69,001</b>
<b>11 CURRENT LIABILITIES</b>		
For Sundry Creditors	17,46,41,371	27,77,99,541
For Other Liabilities	6,53,65,994	2,66,07,641
Trade Deposits	4,61,39,564	3,91,71,174
Interest accrued and not due on loans / deposits	36,73,984	26,34,141
Unclaimed Dividend	23,12,661	16,11,845
<b>TOTAL</b>	<b>29,21,33,574</b>	<b>34,78,24,342</b>
<b>12 PROVISIONS</b>		
Proposed Dividend	2,16,65,765	2,16,65,765
Tax on Dividend	36,82,098	30,38,624
Provision for Taxation	7,70,00,000	5,00,00,000
Fringe Benefit Tax	33,00,000	40,00,000
<b>TOTAL</b>	<b>10,56,47,863</b>	<b>7,87,04,389</b>



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

	For the year ended 31.03.2007 Rs.	For the year ended 31.03.2007 Rs.
<b>13 SALES</b>		
Gross Sales ( Net of Sales Tax)	3,65,42,07,075	2,97,89,07,994
Less: 1) Excise Duty	24,87,78,156	1,95,77,082
2) Discounts, Rebates, Service Charges, etc.	25,44,09,642	35,69,05,307
3) Commission to Sole Selling Agents	2,51,92,698	2,41,06,941
4) Transportation	19,47,71,480	18,55,32,140
<b>NET SALES</b>	<u>2,93,10,55,099</u>	<u>2,39,27,86,524</u>
<b>14 OTHER INCOME</b>		
Interest received (TDS Rs. 4,29,732/- )	18,06,665	3,39,051
Dividend received	8,83,67,277	6,70,19,299
Royalty received (TDS Rs.77,32,380/-)	7,73,23,796	6,11,73,850
Other Miscellaneous income	11,94,23,198	2,66,57,808
Profit on Sale of assets	20,19,460	12,72,570
<b>TOTAL</b>	<u>28,89,40,396</u>	<u>15,64,62,578</u>
<b>15 SALARIES, WAGES, BONUS ETC.,</b>		
Salaries, Wages and Bonus	14,87,90,104	12,28,57,533
Gratuity & Superannuation Fund Contribution	1,15,86,141	1,18,44,375
Provident Fund Contribution	98,95,619	87,76,163
Workmen & Staff Welfare Expenses	1,84,78,490	1,55,50,730
<b>TOTAL</b>	<u>18,87,50,354</u>	<u>15,90,28,801</u>
<b>16 INTEREST &amp; FINANCE CHARGES</b>		
Interest on Fixed Loans	10,20,77,555	5,37,38,754
Interest on Others	5,72,95,039	2,83,48,236
<b>TOTAL</b>	<u>15,93,72,594</u>	<u>8,20,86,990</u>
<b>17 REPAIRS &amp; MAINTENANCE</b>		
Plant & Machinery	5,05,69,308	3,92,78,653
Buildings	60,21,365	79,10,052
Others	50,38,366	50,80,665
<b>TOTAL</b>	<u>6,16,29,039</u>	<u>5,22,69,370</u>
<b>18 SELLING EXPENSES</b>		
Advertisement & Sales Promotion	7,35,87,248	6,17,84,086
Handling, Packing & Forwarding	3,59,83,855	2,78,77,957
<b>TOTAL</b>	<u>10,95,71,103</u>	<u>8,96,62,043</u>
<b>19 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	23,86,670	23,65,175
Insurance	105,33,390	76,90,235
Directors' Sitting Fees	7,15,000	8,10,500
Postage, Telephone, Telegrams, Telex & Email charges	82,15,709	82,17,305
Travelling & Conveyance	2,28,65,063	1,83,94,994
Printing & Stationery	34,86,210	29,75,364
Motor Car Maintenance	58,23,880	84,87,107
Bank Charges	78,16,893	46,89,688
Audit, Accountancy & Legal Charges	175,61,199	59,88,703
Loss on Sale of Assets	19,959	-
Other Miscellaneous expenses	3,57,21,844	2,34,21,258
<b>TOTAL</b>	<u>11,51,45,817</u>	<u>8,30,40,329</u>
<b>20 DEPRECIATION AND AMORTISATION</b>		
Land-Leasehold	6,349	6,349
Buildings	2,49,48,313	1,75,42,180
Railway Sidings	34,987	1,53,897
Plant & Machinery	22,79,85,232	13,80,10,799
Electrical Machinery	2,00,01,459	1,35,98,506
Furniture and Office Equipments	21,37,473	20,69,333
Vehicles	20,86,366	22,02,060
Aircraft	5,74,646	5,74,646
<b>TOTAL</b>	<u>27,77,74,825</u>	<u>17,41,57,770</u>
<b>21 (INCREASE) / DECREASE IN STOCK</b>		
Closing Stock of Finished Goods	42,46,72,115	35,27,63,802
Less: Opening Stock of Finished Goods	35,27,63,802	16,39,16,377
(Increase) / Decrease	<u>(7,19,08,313)</u>	<u>(18,88,47,425)</u>
ED on stock variance	1,39,31,284	3,97,17,347
(Increase) / Decrease	<u>(5,79,77,029)</u>	<u>(14,91,30,078)</u>

## 22. Significant Accounting Policies

### A. Basis of preparation of financial statements

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

### B. Sales

Sales is recognized net of Excise Duty and Sales Tax.

### C. Retirement Benefits

1. Liability in respect of Gratuity and Superannuation to eligible employees is paid as premium to Life Insurance Corporation of India.
2. The Company deposits the Provident Fund contribution under Provident Fund Scheme run by the Government.
3. Liability in respect of Leave Encashment is provided on the basis of Actuarial Valuation.

### D. Fixed Assets

1. Fixed Assets are valued at historical cost.
2. Basis of Depreciation adopted:  
The Company provides depreciation on all its assets as per Section 205(2)(b) of the Companies Act, 1956 under Straight Line Method applying rates prescribed in Schedule XIV of the Companies Act, 1956 under notification dated 15.12.1993, excepting those machineries and equipments and assets acquired and commissioned at the Fibre Cement Sheet Plants at Kharagpur, Vijayawada and Sinugura, Calcium Silicate Board Plant at Arakkonam, Cement clinker grinding Unit at Kharagpur and Wind Electric Generators on which depreciation is provided on Written Down Value method applying rates prescribed in Schedule XIV of the Companies Act, 1956.

### E. Valuation of Inventories

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

### F. Investments

Investments being long term in nature are stated at cost. No provision is made for temporary decline in the value of the investments.

### G. Contingent Liabilities

Contingent Liabilities are disclosed in the accounts by way of notes.

### H. Foreign Currency Transactions

1. Income and Expenditure incurred in foreign currency are accounted at the exchange rates prevailing on the date of transaction.
2. Current Assets and Liabilities in foreign currency are accounted at the rates prevailing as at the close of the accounting period or wherever forward contracts are booked, at the respective rates as per such forward contracts.
3. Gain / Loss on account of exchange rate difference on settlement or on translation is recognised in the Profit and Loss Account

### I. Derivatives

With regard to outstanding hedged interest rate / Currency swap transactions as on Balance Sheet date, the notional losses are accounted on accrual basis, notional gains having been ignored.

**SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

**J. Research and Development Expenditure**

Revenue expenditure incurred by the Company on the Research and Development is charged to Profit and Loss Account under the respective revenue heads and in respect of capital assets used for Research and Development purposes, depreciation is provided.

**K. Lease**

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

**L. Borrowing Costs**

Specific borrowing costs incurred for bringing the qualifying fixed assets into their present condition and location are capitalized.

**M. Earnings per Share**

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

**N. Income Tax**

The tax provision is considered as stipulated in AS-22 (Accounting for taxes on income) and includes both current and deferred tax liability.

**O. Segment Reporting**

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

**P. Miscellaneous Expenditure**

Compensation paid under Voluntary Retirement Scheme is amortized over the period, not exceeding five years.

**23. NOTES ON ACCOUNTS:**

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
1. Contingent Liabilities not provided for		
a. Estimated amount of contracts remaining to be executed on Capital accounts	44,00,000	4,42,78,239
b. Bank Guarantees	3,41,73,117	3,47,35,594
c. Letters of Credit	11,42,80,506	2,08,50,561
d. Corporate Guarantee furnished by the Company to UTI Bank Ltd for Ramco Systems Limited to support their credit facilities	15,00,00,000	15,00,00,000
Corporate Guarantee furnished by the Company to The Karur Vysya Bank Limited for Ramco Systems Limited to support their credit facilities	10,00,00,000	10,00,00,000
Corporate Guarantee furnished by the Company to IDBI Bank Ltd for Ramco Systems Limited to support their credit facilities	10,00,00,000	10,00,00,000
2. Audit, Accountancy and Legal Charges include fees (inclusive of service tax) paid to Statutory Auditors towards:		
Statutory Audit Fees	4,48,960	2,20,400
Tax Audit Fees	22,448	22,040
Fees for certification	21,124	25,566
Expenses of Audit	1,49,039	2,04,769

**NOTES ON ACCOUNTS (CONTD.)**

3. The Deferred tax liability as on 31.03.2007 consists of Timing Difference on account of depreciation. In the opinion of the management the provision for deferred tax is not expected to crystallize into a liability.
4. The Company provides depreciation on all its Plant & machineries under Straight Line Method as per the rates prescribed in Section 205(2) (b) of the Companies Act, 1956, excepting those machineries & equipments acquired and commissioned at Fibre Cement Sheet Plants at Kharagpur, Vijayawada and Sinugra, Calcium Silicate Board Plant at Arakkonam, Cement clinker grinding Unit at Kharagpur and Wind Electric Generators, under Written Down Value method applying rates prescribed in Schedule XIV of the Companies Act, 1956.
5. Research and Development expenses charged to Profit & Loss Account consist of depreciation on assets used for Research and Development amounting to Rs.9,21,816/- and other expenses amounting to Rs. 2,66,475/-
6. Income Tax assessment has been completed upto the Accounting year 2003 – 2004 (i.e. Assessment year 2004-05). Demands raised by the Department amounting to Rs.67 lakhs (Previous year Rs.168 lakhs) have been disputed by the Company and necessary appeals have been filed. Based on the nature of claim disputed, no provision for tax has been considered necessary.
7. Sales Tax demands amounting to Rs.4.92 crores (previous year Rs.4.92 crores) have been disputed by the Company and necessary appeals have been filed. Based on the nature of claim disputed, no provision for tax has been considered necessary.
8. The Company has utilized Short Term funds amounting Rs.29.68 crores towards long term purposes. The short term loans carry lower interest costs. The company intends renewing / rolling over these loans.
9. Sundry Debtors include Dues from Overseas Subsidiary Company viz., Sri Ramco Lanka (Private) Ltd., Sri Lanka to the extent of Rs.2,05,82,008/- - Maximum amount due during the year - Rs.2,05,82,008/-.
10. Current Liabilities:-  
There are no outstandings to Small scale industrial undertakings for more than 30 days.
11. The Company's Shares are listed on The Madras Stock Exchange Limited, National Stock Exchange of India Limited and Bombay Stock Exchange Limited and the Listing Fees in respect of all the three Exchanges have been paid.
12. Computation of Profits as per the provisions of section 349 of the Companies Act 1956, for the purpose of determining remuneration to Vice Chairman and Managing Director for the year ended 31.03.2007.

	Rs.	Rs.
Profit as per P&L Account		33,30,41,860
Add: Directors Sitting Fees	7,15,000	-
: Vice Chairman and Managing Director's remuneration	1,62,24,677	1,69,39,677
<b>Profit for the year</b>		<b>34,99,81,537</b>
<b>Remuneration to Vice Chairman &amp; Managing Director at 5% of the above</b>		<b>1,74,99,077</b>
Less: Remuneration from Ramco Systems Ltd., a company in which also he is the Vice Chairman & Managing Director		12,74,400
Balance due from the Company in accordance with the provisions of Schedule XIII of the Companies Act, 1956		<u>1,62,24,677</u>
<b>Breakup of remuneration:</b>		
Salary including allowance	11,52,000	
Contribution to PF	86,400	
Contribution to Superannuation	1,08,000	
Commission	1,48,78,277	
	<u>1,62,24,677</u>	

**NOTES ON ACCOUNTS (CONTD.)**

**13. Additional Information as required in Schedule VI of the Companies Act, 1956:**

(a) Capacities, Production and Stocks	Fibre Cement Sheets, Accessories & Fittings		Fibre Cement Pressure Pipes & Pipe Accessories		Calcium Silicate Board		Cotton Yarn		Cement Clinker Grinding	
	For the year ended 31.03.07 MT	For the year ended 31.03.06 MT	For the year ended 31.03.07 MT	For the year ended 31.03.06 MT	For the year ended 31.03.07 MT	For the year ended 31.03.06 MT	For the year ended 31.03.07 Spindles	For the year ended 31.03.06 Spindles	For the year ended 31.03.07 MT	For the year ended 31.03.06 MT
Installed Capacity	4,94,000	4,94,000	30,000	30,000	40,000	40,000	26,208	26,208	216,000	216,000
Opening Stock	68,739	38,183	-	-	3,761	1,598	67,994 Kgs.	29,917 Kgs.	508	-
Production for Sale	4,29,670	3,87,970	-	-	11,910	7,726	20,86,893 Kgs.	12,21,143 Kgs.	11,219	5,393
Closing Stock	76,253	68,739	-	-	5,505	3,761	82,318 Kgs.	67,994 Kgs.	239	508
Units generated from Windmills (KWH)	3,29,95,751	1,41,41,891								

(b) Turnover	For the year ended 31.03.2007		For the year ended 31.03.2006	
	Quantity	Net Value Rs.	Quantity	Net Value Rs.
Fibre Cement Sheets and Accessories (MT)	4,22,156	2,33,16,48,862	357,414	2,08,34,23,759
Fibre Cement Pressure Pipes & Pipe Accessories (MT)				
Clinker grinding (MT) (including self consumption)	11,488	3,40,46,449	4,885	1,21,36,668
Calcium Silicate Board (MT)	10,166	16,34,84,917	5,545	9,16,37,441
Export of Machinery Spares		2,13,85,454	-	1,33,33,738
Cotton Yarn (Kgs)	20,72,569	38,04,74,717	1,183,066	19,22,54,918
Plastic Storage Containers		14,700	-	-
(c) Raw materials consumed				
Fibre (MT)	38,094	85,85,68,163	35,771	72,38,37,502
Cement (MT)	1,99,467	54,72,64,873	178,405	41,52,91,772
Fly Ash (MT)	1,19,773	5,65,99,336	109,246	4,38,10,090
Silica (MT)	3,302	57,14,383	2,179	41,20,002
Lime (MT)	4,044	1,23,97,238	2,220	58,77,057
Sulphate (MT)	2,392	3,07,92,497	641	1,72,81,092
Clinker (MT)	10,969	2,71,75,935	5,153	1,16,47,954
Gypsum (MT)	370	2,95,987	179	1,33,930
Cotton (Kgs)	29,63,346	19,91,88,949	1,787,668	10,96,91,452
LLDPE	-	95,916	-	-
Others (MT)	801	66,71,116	1,809	31,47,584

NOTES ON ACCOUNTS (CONTD.)

			Year ended 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
(d)	CIF Value of Imports:			
	Raw Materials		87,26,66,014	65,75,13,533
	Spares		12,96,325	17,37,000
	Capital Goods		8,29,90,725	14,08,48,803
(e)	Expenditure in Foreign Currency on account of Travelling & Other matters		34,42,025	27,73,494
(f)	Number of Non-resident Shareholders		38	35
(g)	Amount remitted in Foreign currency on account of dividends		NIL	NIL
		For the year ended 31.03.2007	For the year ended 31.03.2006	
		Value Percentage	Value Percentage	
		Rs.	Rs.	
(h)	Value of consumption of imported and indigenous raw materials and spares			
	RAW MATERIALS:			
	Imported	89,47,16,988	51.28	74,50,84,838
	Indigenous	85,00,47,405	48.72	58,97,53,597
	SPARES:			
	Imported	30,32,106	3.07	16,59,300
	Indigenous	9,56,78,322	96.93	5,94,14,943
(I)	Earnings in Foreign Currency:			
	Export of Goods	33,20,01,605		18,80,86,921
	Royalty income	7,73,23,799		6,11,73,850
	Dividend from Srilankan Subsidiary	3,02,87,527		2,98,08,409
14	Liabilities for expenses include Rs.18,37,907/- being commission payable to the Vice Chairman & Managing Director.			
15	a. The Term Loans of Rs.951.60 lacs availed from Indian Bank under Technology Upgradation Fund Scheme are secured by an exclusive charge on the assets procured under the scheme, for the Wind Mill Division			
	b. The Term Loan of Rs.2870.04 lacs availed from Indian Bank under Technology Upgradation Fund Scheme is secured by an exclusive charge on the assets procured under the scheme, for our New Ramco Textile Mill Division and the Wind Mill Division			
	c. The Term Loan of Rs.713.02 lacs availed from The Karur Vysya Bank Ltd under Technology Upgradation Fund Scheme is secured by first pari passu charge on fixed assets excluding specifically charged assets, for our existing Ramco Spinners Division.			
	d. The Term Loan of Rs.500 lacs availed from State Bank of India is secured by a first pari passu charge on the fixed assets of the company excluding specifically charged assets.			
	e. The Term loan of Rs.5000 lacs availed from State Bank of Indore is secured by a first pari passu charge on the fixed assets of the company excluding specifically charged assets.			
	f. The Term loan of Rs.1000 lacs availed from State Bank of Mauritius is secured by a first pari passu charge on the fixed assets of the company excluding specifically charged assets.			
	g. The Working Capital Borrowings of the Company are secured by hypothecation of Stocks of raw materials, work-in-progress, stores, spares and finished goods and book debts.			
16	Retirement Benefits:			
	Expenditure on Voluntary Retirement Scheme is amortised over a period of five years. An amount of Rs.4,05,160/- unamortised is shown under Miscellaneous Expenditure in the Balance Sheet of the Company.			
17	Net loss on account of difference in rate of exchange on foreign currency transactions amounting to Rs.25,41,952/- has been recognized in the Profit and Loss Account.			



**NOTES ON ACCOUNTS (CONTD.)**

**18. SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

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

Particulars	Building Current Year	Products Previous Year	Textiles Current Year	Textiles Previous Year	Others Current Year	Others Previous Year	Consolidated Current Year	Consolidated Previous Year
<b>1. Revenue/Income from operations</b>								
External Customers	2,51,65,19,233	2,18,83,94,938	38,04,74,717	19,22,54,918	14,07,62,580	6,06,74,445	3,03,77,56,530	2,44,13,24,301
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	2,51,65,19,233	2,18,83,94,938	38,04,74,717	19,22,54,918	14,07,62,580	6,06,74,445	3,03,77,56,530	2,44,13,24,301
<b>2. Results</b>								
Segment results	27,65,24,327	49,70,59,403	2,50,47,238	(33,36,112)	10,06,68,950	(42,36,278)	40,22,40,515	48,94,87,013
Unallocated Corporate Expenses								
Operating Profit / (Loss)	27,65,24,327	49,70,59,403	2,50,47,238	(33,36,112)	10,06,68,950	(42,36,278)	40,22,40,515	48,94,87,013
Interest Expenses							15,93,72,594	8,20,86,990
Interest Income / Dividend Income							9,01,73,942	6,73,58,350
Income Tax - Current							7,70,00,000	5,00,00,000
- Deferred							95,00,000	9,00,00,000
- Fringe Benefit Tax							33,00,000	40,00,000
Profit from Ordinary activities							24,32,41,860	33,07,58,373
Extraordinary Profit / Loss								
Net Profit							24,32,41,860	33,07,58,373
<b>3. Other Information</b>								
Segment Assets	1,92,90,49,593	1,94,31,73,172	64,88,21,597	41,18,96,288	67,75,52,237	86,46,08,743	3,25,54,23,427	3,21,96,78,203
Unallocated corporate assets	-	-	-	-	-	-	1,92,82,71,487	1,80,48,10,841
<b>Total assets</b>	<b>1,92,90,49,593</b>	<b>1,94,31,73,172</b>	<b>64,88,21,597</b>	<b>41,18,96,288</b>	<b>67,75,52,237</b>	<b>86,46,08,743</b>	<b>5,18,36,94,914</b>	<b>5,02,44,89,044</b>
Segment Liabilities	1,76,89,87,280	1,80,72,74,326	37,10,78,164	26,08,48,362	79,06,90,750	87,26,13,672	2,93,07,56,194	2,94,07,36,360
Unallocated corporate liabilities	-	-	-	-	-	-	23,12,661	16,11,845
<b>Total Liabilities</b>	<b>1,76,89,87,280</b>	<b>1,80,72,74,326</b>	<b>37,10,78,164</b>	<b>26,08,48,362</b>	<b>79,06,90,750</b>	<b>87,26,13,672</b>	<b>2,93,30,68,855</b>	<b>2,94,23,48,205</b>
Capital Expenditure	17,01,64,325	86,33,23,733	10,17,04,544	28,82,57,156	73,31,615	-	27,92,00,484	1,15,15,80,889
Depreciation	11,69,57,329	10,35,36,120	4,92,92,934	1,77,26,945	11,15,24,562	5,28,94,705	27,77,74,825	17,41,57,770
Non-cash expenses other than depreciation					4,05,160	18,14,916	4,05,160	18,14,916

**19. Earnings Per Share:**

Particulars	For the year ended 31.03.2007 (Rs.)	31.03.2006 (Rs.)
Net Profit after Tax (A)	24,32,41,860	33,07,58,373
No. of Shares (B)	43,33,153	43,33,153
Basic and Diluted earnings per share of Rs.10 each (A/B)	56	76

**20. Related Party Disclosure**

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

**a. Subsidiary Companies:**

- Sudharsanam Investments Ltd.
- Sri Ramco Lanka (Private) Ltd., Sri Lanka

**b. Key Management Personnel and relatives:**

- P.R. Ramasubrahmaneya Rajha  
P.R. Venketrama Raja

**c. Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year:**

- Rajapalayam Mills Ltd.  
Madras Cements Ltd.  
Ramco Systems Ltd.  
Ramaraju Surgical Cotton Mills Ltd.  
Sri Vishnu Shankar Mill Ltd.  
Sandhya Spinning Mills Ltd.  
Thanjavur Spinning Mill Ltd.  
Madras Chipboard Ltd.

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

Sl. No.	Name of the Related Party / Transaction	Amount Rs.	Outstanding as on 31.03.2007 (Rs.)	Dr./Cr.
i.	<b>Export of Machinery and Spares:</b> Sri Ramco Lanka (Private) Ltd. - Machinery / Spares	2,13,85,455	6,93,107	Dr
ii.	<b>Service income:</b> Sri Ramco Lanka (Private) Ltd. - Royalty (Accrued but not due)	7,73,23,799	1,98,88,901*	Dr
iii.	<b>Sale of Goods</b> Sandhya Spinning Mill Ltd. - Building Products	- 6,49,545	- NIL	

**NOTES ON ACCOUNTS (CONTD.)**

Sl. No.	Name of the related Party / Transaction	Amount Rs.	Outstanding as on 31.03.2007 (Rs.)	Dr./Cr.
vi.	The Ramaraju Surgical Cotton Mills Ltd. - Waste Cotton	1,47,17,237	NIL	Dr
	- AC Sheets	7,82,060	6,10,320	
	Sri Vishnu Shankar Mill Ltd. - Building Products	9,14,539	NIL	
	Rajapalayam Mills Ltd. - Building Products	61,65,783	NIL	
	Thanjavur Spinning Mill Ltd.-Building Products	1,35,615	NIL	
v.	<b>Purchase of Goods:</b>			Cr
	Madras Cements Ltd.			
	- Cement	26,26,54,407	2,65,87,200	
	- Clinker	2,06,25,693	NIL	
	- Fly Ash	12,94,145	NIL	
	Rajapalayam Mills Ltd. - Yarn	7,75,194	NIL	
	The Ramaraju Surgical Cotton Mills - Cotton	66,75,245	NIL	
	Sandhya Spinning Mill Ltd. - Yarn	70,02,016	NIL	
	Ramco Systems Ltd. - ERP Implimentation	95,37,500	56,26,000	
	Ontime Transport Co. Ltd. - Freight on Cement	2,57,400	2,57,400	
vi.	<b>Sale of Shares held as investment in Thanjavur Spinning Mill Ltd to:</b>			Cr
	Shri P.R. Ramasubrahmaneya Rajha	54,03,767	NIL	
	Shri P.R. Venketrama Raja	28,73,475	NIL	
	Promoters' Relatives	61,06,528	NIL	
vii.	<b>Investments Made:</b>			Cr
	- Madras Cements Ltd. 53931 shares	13,38,34,065	NIL	
viii.	<b>Inter Corporate Deposits received:</b>			Cr
	- Madras Cements Ltd.	4,00,00,000	NIL	
ix.	<b>Interest on Inter Corporate Deposit paid</b>			Cr
	- Madras Cements Ltd.	2,30,137	NIL	
x.	<b>Corporate Gurantees Issued</b>			Cr
	Ramco Systems Ltd.	35,00,00,000		
xi.	<b>Short Term Borrowings:</b>			Dr
	Shri P.R. Venketrama Raja		10,27,674	
xi.	<b>Intercompany Loans given</b>			Dr
	Sudharsanam Investments Limited	4,00,00,000	3,74,31,941	

The above transactions were done in the ordinary course of business and at commercial rates. No amount has been written off or written back in the accounts. \* Amount outstanding net of TDS

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

Name	Balance as on 31.03.2007 inclusive of Interest Accrued (Rs.)	Interest accrued (Rs.)
Sri. P.R. Venketrama Raja	10,27,674	1,35,447
Sri. K.T. Ramachandran	1,00,000	7,000

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

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

As per our Report Annexed  
For M/s. M.S. Jagannathan &  
N. Krishnaswami  
Chartered Accountants  
K. SRINIVASAN  
Partner  
Membership No.21510  
Place : Chennai  
Date : May 30, 2007

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director  
  
S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr. A. RAMAKRISHNA  
Directors



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007**

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	24,32,41,860	33,07,58,373
Adjustments for:		
Depreciation	27,77,74,825	17,41,57,770
Provision for Taxation	8,98,00,000	14,40,00,000
Interest paid	15,93,72,594	8,20,86,990
Loss on sale of assets	19,959	
Profit on sale of assets	(20,19,460)	(12,72,570)
Profit on sale of investment	(56,25,000)	
Interest and Dividend received	(9,01,73,942)	(6,73,58,350)
Operating Profit before working capital changes	67,23,90,836	66,23,72,213
Adjustments for:		
Sundry Debtors	(1,46,76,199)	(10,37,18,874)
Inventories	4,65,91,444	(30,34,53,709)
Other Receivables	(13,40,21,692)	(33,35,934)
Sundry creditors	(10,31,58,170)	10,29,58,169
Other Payables	7,44,10,875	(3,32,12,921)
Advance Tax paid & TDS	(1,69,40,451)	2,87,80,328
Taxation	(8,03,00,000)	(5,40,00,000)
Net Cash from operating activities (A)	44,42,96,643	29,63,89,272
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(27,92,00,484)	(1,15,15,80,889)
Sale of / Adjustment for Fixed Assets	3,61,88,621	20,76,181
Purchase of Investments	(13,39,60,646)	(20,25,33,030)
Sale of Investments	1,61,25,000	-
Interest and Dividend received	9,01,73,942	6,73,58,350
Net cash used in investing activities (B)	(27,06,73,567)	(1,28,46,79,388)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	66,81,03,219	78,02,02,000
Proceeds from Short Term borrowings	(21,71,22,261)	44,99,61,372
Repayment of Long Term borrowings	(77,53,40,000)	(1,60,00,000)
Increase in working capital borrowings	33,43,26,986	(5,01,20,245)
Payment of Dividend and tax thereon	(7,47,56,639)	(4,94,08,778)
Interest paid	(15,93,72,594)	(8,20,86,990)
Net cash from Financing activities (C)	(22,41,61,289)	1,03,25,47,359
Net decrease in cash and cash equivalents (A+B+C)	(5,05,38,213)	4,42,57,243
Opening cash and cash equivalents	10,84,95,060	6,42,37,817
Closing cash and cash equivalents	5,79,56,847	10,84,95,060
Net increase / (decrease) in cash and cash equivalents	(5,05,38,213)	4,42,57,243

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director

Place : Chennai,  
Date : May 30, 2007

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr. A. RAMAKRISHNA  
Directors

**AUDITORS' CERTIFICATE**

To  
The Board of Directors  
Ramco Industries Limited, Chennai-4.

We have examined the above Cash Flow Statement of Ramco Industries Limited. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreements entered into with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30th May 2007 to the members of the Company.

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

**K. SRINIVASAN**  
Partner  
Membership No.: 21510  
Place : Chennai  
Date : May 30, 2007

For **M/S. CNGSN & ASSOCIATES**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner  
Membership No.: 11205

### I. REGISTRATION DETAILS:

State Code 

1	8
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(Refer Code List)

Rights	Issue			N	I	L			
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Private Placement			N	I	L			
-------------------	--	--	---	---	---	--	--	--

Total Assets		4	7	8	5	9	1	3
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Reserves & Surplus		2	2	0	7	2	9	5
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Unsecured Loans			6	3	3	2	9	2
-----------------	--	--	---	---	---	---	---	---

[illegible]

Investments	1	9	2	8	2	7	1
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Misc. Expenditure						4	0	5
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[illegible]

Total Expenditure		3	0	5	1	6	3	2
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Profit After Tax			2	4	3	2	4	2
------------------	--	--	---	---	---	---	---	---

Dividend rate % 

1	5	0
---	---	---

(As per Monetary terms)

Item Code No. (ITC Code) 

		6	8	1	1	2	0
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Item Code No. (ITC Code)	5	2	0	4	2	0	.	0	9
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Item Code No. (ITC Code) 2 5 2 3 2 9 . 0 1

[illegible]

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT.**

- I Name of Subsidiary Company : **SUDHARSANAM INVESTMENTS LIMITED** (Wholly Owned Subsidiary)
- 1 The Company holds 42,50,000 shares of Rs.10/- each as on 31.03.2007
  - 2 The Net Profit of Rs.20,05,080/- after providing for Income Tax of the Subsidiary Company for the year ended 31.03.2007 has not been dealt with in the Company's account.
  - 3 The Cumulative Net Profit of Rs.29,89,443/- for the previous financial years ended upto 31.03.2006 have not been dealt with in the Company's accounts.
- II Name of Subsidiary Company: **SRI RAMCO LANKA (PRIVATE) LIMITED, SRI LANKA** (Wholly Owned subsidiary)
- 1 The Company holds 2,30,00,000 shares of SLR.10/- each as on 31.03.2007
  - 2 The Net Profit of SLR.16,12,39,373/- after providing for Taxation of the Subsidiary Company for the year ended 31.03.2007 has not been dealt with in the Company's account.
  - 3 The Cumulative Net Profit of SLR.28,34,13,461/- for the previous financial years ended upto 31.03.2006 have not been dealt with in the Company's accounts.

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice Chairman & Managing Director

Place : Chennai  
Date : May 30, 2007

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

**DETAILS OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2007**

	Name of Subsidiary Company	Sudharsanam Investments Limited, Rajapalaiyam (in INR)	Sri Ramco Lanka (Private) Limited, Sri Lanka
1	Capital	4,25,00,000	SLR 23,00,02,020 INR 13,65,32,371
2	Reserves & Surplus	1,48,460	SLR 37,56,52,227 INR 12,74,80,476
3	Total Assets	8,00,80,401	SLR 65,00,18,349 INR 28,17,31,869
4	Total Liabilities	8,00,80,401	SLR 65,00,18,349 INR 28,17,31,869
5	Total Investments	7,96,77,267	SLR NIL INR NIL
6	Total Income	22,64,352	SLR 1,80,58,34,858 INR 77,54,25,488
7	Profit before Taxation	20,11,880	SLR 25,61,34,708 INR 10,61,18,372
8	Provision for Taxation	6,800	SLR 9,48,95,335 INR 4,07,48,057
9	Profits after Taxation	20,05,080	SLR 16,12,39,373 INR 6,53,70,315
10	Proposed Dividends	Interim & Final Dividend Re.1/- per Share paid for 2006-07	Dividend for 2006 - 07 to be considered

Exchange rate as on 31.03.2007 1 Sri Lankan Rupee (SLR) = INR 0.3994

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

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

We have examined the attached Consolidated Balance Sheet of Ramco Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2007 and the Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March 2007.

These financial statements are the responsibility of the management of Ramco Industries Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis for our opinion.

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

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

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

- (a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of Ramco Industries Limited and its subsidiaries as at March 31, 2007; and
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of the operations of Ramco Industries Limited its subsidiaries for the year then ended.
- (c) In the case of the Consolidated Cash Flow statements of the Cash flows of Ramco Industries Limited and its subsidiaries for the year then ended.

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

**K. SRINIVASAN**  
Partner  
Membership No.21510

Place : Chennai  
Date : May 30, 2007

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

**C.N. GANGADARAN**  
Partner  
Membership No. 11205

# CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEET AS AT 31st MARCH 2007

	Schedule	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
<b>SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	4,33,31,530	4,33,31,530
(b) Reserves & Surplus	2	2,38,24,34,270	2,17,91,18,175
<b>2 LOAN FUNDS</b>		2,42,57,65,800	2,22,24,49,705
(a) Secured Loans	3	1,62,18,39,081	1,39,47,48,876
(b) Unsecured Loans	4	63,32,92,743	85,04,15,004
		2,25,51,31,824	2,24,51,63,880
<b>3 DEFERRED TAX LIABILITY</b>		29,78,74,617	29,24,01,340
<b>TOTAL (I)</b>		<u>4,97,87,72,241</u>	<u>4,76,00,14,925</u>
<b>APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>	5		
Gross Block		3,32,62,31,248	3,10,63,27,858
Less: Depreciation		1,24,88,18,461	97,15,25,409
Net Block		2,07,74,12,787	2,13,48,02,449
Add: Capital works in progress		547,50,856	3,24,27,333
		2,13,21,63,643	2,16,72,29,782
<b>2 INVESTMENTS</b>	6	1,87,64,27,188	1,70,12,28,323
<b>3 CURRENT ASSETS</b>			
<b>LOANS AND ADVANCES</b>			
a) Interest accrued on Investments & Deposits		88,635	12,654
b) Inventories	7	66,48,04,702	73,24,55,030
c) Sundry Debtors	8	30,08,79,416	26,03,18,127
d) Cash & Bank Balances	9	15,22,16,596	16,21,79,260
e) Loans & Advances	10	32,26,09,431	20,45,17,166
		1,44,05,98,780	1,35,94,82,237
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	34,60,51,126	38,50,98,222
Provisions	12	12,47,71,404	8,46,42,111
		47,08,22,530	46,97,40,333
<b>4 NET CURRENT ASSETS</b>		96,97,76,250	88,97,41,904
<b>5 MISCELLANEOUS EXPENDITURE</b>		4,05,160	18,14,916
<b>TOTAL (II)</b>		<u>4,97,87,72,241</u>	<u>4,76,00,14,925</u>
Contingent Liabilities as per note annexed			
Significant Accounting Policies			
Notes on Accounts			
The Schedules referred to above form part of the accounts			

As per our Report Annexed

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

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

Place : Chennai  
Date : May 30, 2007

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007

	Schedule	For the year ended 31.03.2007 Rs.	For the year ended 31.03.2006 Rs.
<b>INCOME</b>			
Sales	13	368,17,51,522	299,11,91,287
Power generated from Windmills		10,67,01,431	4,85,37,777
Other Income	14	18,39,68,246	6,76,90,854
		<u>397,24,21,199</u>	<u>310,74,19,918</u>
<b>EXPENDITURE</b>			
Raw Materials consumed		222,12,68,128	172,66,96,942
Stores consumed		11,12,32,848	7,39,75,931
Power and Fuel		25,76,77,912	19,98,58,818
Salaries, Wages, Bonus etc.	15	20,97,09,367	17,63,66,796
Managing Director's remuneration		1,62,24,677	2,36,88,467
Rates and Taxes		1,62,79,643	1,70,23,834
Interest and Finance charges	16	15,95,02,022	8,21,38,341
Repairs and Maintenance	17	8,12,94,280	6,83,17,094
Selling expenses	18	11,34,19,068	9,27,49,974
Administrative and Other expenses	19	12,46,21,764	9,05,31,074
Depreciation	20	29,51,37,239	19,09,98,717
Donations		41,31,594	22,13,320
(Increase) / Decrease in stocks	21	(4,73,00,998)	(15,73,31,459)
		<u>356,31,97,544</u>	<u>258,72,27,849</u>
<b>PROFIT BEFORE TAX</b>		40,92,23,655	52,01,92,069
Provision for Taxation			
Current Tax		12,01,65,779	7,90,66,750
Deferred Tax		70,89,078	8,61,22,166
Fringe Benefit Tax		33,00,000	40,00,000
<b>PROFIT AFTER TAX</b>		27,86,68,798	35,10,03,153
Earnings per share - Rs.		64	81
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT</b>			
<b>PROFIT AFTER TAX</b>		27,86,68,798	35,10,03,153
Add: Balance in P&L A/c b/f		15,70,71,700	13,03,95,469
Balance available for appropriation		<u>43,57,40,498</u>	<u>48,13,98,622</u>
Transfer to General Reserve		18,00,00,000	25,00,00,000
Equity Dividend -Interim		4,33,31,530	4,33,31,530
Equity Dividend -Final		2,16,65,765	2,18,79,520
Tax on Dividend		1,03,55,408	91,15,872
Balance carried over to Balance Sheet		<u>18,03,87,795</u>	<u>15,70,71,700</u>
		<u>43,57,40,498</u>	<u>48,13,98,622</u>

As per our Report Annexed

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

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

Place : Chennai  
Date : May 30, 2007

# **CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES**

## **SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2007**

		As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>		
	Authorised:		
	50,00,000 Equity Shares of Rs.10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	Issued, Subscribed and Paid-up :		
	43,33,153 Equity Shares of Rs.10/- each	<u>4,33,31,530</u>	<u>4,33,31,530</u>
	fully paid up		
	(Of the above 33,35,000 equity shares		
	were allotted as fully paid Bonus Shares)		
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	Share Premium	2,09,53,206	2,09,53,206
	General Reserve:		
	As per Last Balance Sheet	200,10,93,269	200,10,93,269
	Transfer during the year	<u>18,00,00,000</u>	<u>15,70,71,700</u>
	Balance in Profit & Loss Account	<u>218,10,93,269</u>	<u>218,10,93,269</u>
	TOTAL	<u>238,24,34,270</u>	<u>217,91,18,175</u>
<b>3</b>	<b>SECURED LOANS</b>		
	(see item no.11 of schedule 23)		
	<b>TERM LOAN:</b>		
	Rupee Loan from Banks	110,34,65,219	121,07,02,000
	<b>OTHERS</b>		
	Working Capital Loan from Banks	51,83,73,862	18,40,46,876
	TOTAL	<u>162,18,39,081</u>	<u>139,47,48,876</u>
<b>4</b>	<b>UNSECURED LOANS</b>		
	<b>FIXED DEPOSITS</b>		
	From Directors	11,27,674	34,80,578
	From Others	73,94,925	81,48,426
	<b>SHORT TERM LOANS</b>		
	FCNR (B) Loans from Banks	47,47,70,144	21,27,86,000
	Rupee Loans from Banks	<u>15,00,00,000</u>	<u>62,60,00,000</u>
	TOTAL	<u>63,32,92,743</u>	<u>85,04,15,004</u>

## **5. FIXED ASSETS**

( In Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION	NET BLOCK	
	As at 01.04.2006	Additions	Withdrawals/ Adjustments	As at 31.03.2007	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
LAND	4,70,03,561	2,95,22,081	4,48,649	7,60,76,993	-	7,60,76,993	4,70,03,561
LAND - LEASEHOLD	6,28,549	-	-	6,28,549	1,58,725	4,69,824	4,76,173
BUILDINGS	50,39,80,059	1,90,27,977	16,53,226	52,13,54,810	12,90,51,607	39,23,03,203	40,16,60,793
RAILWAY SIDINGS	20,68,254	-	-	20,68,254	19,21,633	1,46,621	1,81,608
PLANT & MACHINERY	2,09,92,18,150	19,30,04,006	-16,89,87,317	2,46,12,09,473	97,84,99,773	1,48,27,09,700	1,34,46,07,580
ELECTRICAL MACHINERY	35,35,90,461	45,74,217	17,91,14,692	17,90,49,986	9,98,85,551	7,91,64,435	27,47,72,100
FURNITURE AND OFFICE EQUIPMENTS	5,77,99,899	17,10,525	1,81,36,587	4,13,73,837	2,02,03,286	2,11,70,551	4,00,83,003
VEHICLES	3,17,77,384	34,30,105	9,99,684	3,42,07,805	1,72,00,868	1,70,06,937	1,70,78,462
AIR CRAFT@	1,02,61,541	-	-	1,02,61,541	18,97,018	83,64,523	89,39,169
<b>TOTAL</b>	<b>310,63,27,858</b>	<b>25,12,68,911</b>	<b>3,13,65,521</b>	<b>332,62,31,248</b>	<b>124,88,18,461</b>	<b>207,74,12,787</b>	<b>213,48,02,449</b>

@ Represents 1/8th share in a jointly owned Aircraft



# CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

## SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2007

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>6 INVESTMENTS</b>		
<b>I. Quoted</b>		
Shares in Madras Cements Ltd: 25,02,251 Nos. Equity shares of Rs.10/- each fully paid-up	56,33,66,398	38,95,09,568
Shares in Rajapalayam Mills Ltd: 4,23,680 Nos. Equity Shares of Rs.10/- each fully paid-up	4,11,08,780	4,11,08,780
Shares in HDFC Ltd: 62,040 Nos. Equity Shares of Rs.10/- each fully paid-up	8,26,970	8,26,970
Shares in HDFC Bank Ltd: 1,100 Nos. Equity Shares of Rs.10/- each fully paid-up	11,000	11,000
1391 nos. Equity Shares of Rs. 10 Each in Indian Bank	1,26,581	-
Shares in Ramco Systems Ltd: 48,22,215 Nos. Equity shares of Rs.10/- each fully paid up	1,22,16,19,454	1,22,16,19,454
Shares in Thanjavur Spinning Mill Ltd 7,50,000 Nos. Equity Shares of Rs.10/- each fully paid up	1,05,00,000	
Less : Sold during the year (7,50,000 Shares)	<u>1,05,00,000</u>	1,05,00,000
Shares in Vysya Bank Housing Finance Ltd 30,000 Nos. Equity Shares of Rs.10/- each fully paid up	3,00,000	-
<b>TOTAL</b>	<b><u>1,82,73,59,183</u></b>	<b><u>1,66,35,75,772</u></b>
<b>II. Unquoted</b>		
National Savings Certificates	52,000	52,000
Shares in Ramco Industries Employees Co-operative Stores Ltd, Arakkonam	2,500	2,500
Shares in Southern Asbestos Cement Employees Co-operative Stores Ltd, Karur	2,500	2,500
Shares in Vysya Bank Housing Finance Ltd 30,000 Nos. Shares of Rs.10/-each in each fully paid	-	3,00,000
2 nos. Shares of Rs.100/- each of Simandhar Shopping Centre Owners Association	200	200
1,00,000 units of Rs.10/- each in HDFC Balanced Fund	10,00,000	10,00,000
5,000 Nos. Shares of Rs.10/- each in OnTime Transport Co. Ltd	5,00,000	5,00,000
<b>TOTAL</b>	<b><u>15,57,200</u></b>	<b><u>18,57,200</u></b>
Goodwill arising out of consolidation of subsidiaries	4,75,10,805	3,57,95,351
<b>Total Investments</b>	<b>1,87,64,27,188</b>	<b>1,70,12,28,323</b>
Aggregate amount of quoted investments :		
At cost	1,82,73,59,183	1,66,35,75,772
At Market value	7,71,90,12,838	6,52,66,13,154
Aggregate amount of unquoted investments at cost	15,57,200	18,57,200



## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

### SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2007

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>7 INVENTORIES</b>		
(Valued at the lower of cost or net realisable value )		
Stores and Spares	5,18,47,997	4,46,33,411
Raw Materials	14,60,45,847	28,21,43,043
Finished Goods	44,98,43,683	39,93,36,050
Stock in process	1,70,67,175	63,42,526
<b>TOTAL</b>	<u>66,48,04,702</u>	<u>73,24,55,030</u>
<b>8 SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
(a) Debts outstanding for a period exceeding six months	89,11,000	57,18,506
(b) Other Debts	29,19,68,416	25,45,99,621
<b>TOTAL</b>	<u>30,08,79,416</u>	<u>26,03,18,127</u>
<b>9 CASH &amp; BANK BALANCES</b>		
Cash on Hand	12,59,290	7,03,856
Bank Balances:		
With Scheduled Banks in Current Accounts	6,53,47,098	12,51,97,443
With Scheduled Banks in Short Term Deposit Accounts	8,32,97,547	3,46,66,116
With Scheduled Banks in Unpaid Dividend Accounts	23,12,661	16,11,845
<b>TOTAL</b>	<u>15,22,16,596</u>	<u>16,21,79,260</u>
<b>10 LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or kind	21,21,47,951	10,64,92,470
Advance Income tax and Tax deducted at Source	7,71,21,454	6,01,19,686
Deposits with Govt. Departments and Others	2,70,55,580	2,70,25,282
Prepaid Expenses	62,84,446	1,08,79,728
<b>TOTAL</b>	<u>32,26,09,431</u>	<u>20,45,17,166</u>
<b>11 CURRENT LIABILITIES</b>		
For Sundry Creditors	19,70,33,817	30,49,14,333
For Other Liabilities	9,59,52,510	3,61,79,344
Trade Deposits	4,70,78,154	3,97,58,559
Interest accrued and not due on loans/deposits	36,73,984	26,34,141
Unclaimed Dividend	23,12,661	16,11,845
<b>TOTAL</b>	<u>34,60,51,126</u>	<u>38,50,98,222</u>
<b>12 PROVISIONS</b>		
Proposed Dividend	2,16,65,765	2,16,65,765
Tax on Dividend	36,82,098	30,38,624
Provision for Taxation	9,94,23,541	5,99,37,722
<b>TOTAL</b>	<u>12,47,71,404</u>	<u>8,46,42,111</u>

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

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

	For the Year ended 31.03.2007 Rs.	For the Year ended 31.03.2006 Rs.
<b>13 SALES</b>		
Gross Sales (Net of Sales Tax and Central Excise Duty, wherever applicable)	4,40,67,49,985	3,58,40,55,057
Less: Excise duty	24,87,78,156	1,95,77,082
Less: 1) Discounts, Rebates, Service Charges, etc.	25,47,27,139	36,13,79,437
2) Commission to Sole Selling Agents	2,51,92,698	2,41,06,941
3) Transportation	19,63,00,470	18,78,00,310
NET SALES	<u>3,68,17,51,522</u>	<u>2,99,11,91,287</u>
<b>14 OTHER INCOME</b>		
Interest received from Banks	21,38,417	11,80,056
Dividend received	5,84,91,035	3,85,63,710
Other Miscellaneous income	12,13,19,334	2,66,74,518
Profit on sale of assets	20,19,460	12,72,570
TOTAL	<u>18,39,68,246</u>	<u>6,76,90,854</u>
<b>15 SALARIES, WAGES, BONUS ETC.,</b>		
Salaries, Wages and Bonus	16,44,19,867	13,64,78,177
Gratuity & Superannuation Fund Contribution	1,22,00,114	1,20,98,977
Provident Fund Contribution	1,10,06,484	98,28,958
Workmen & Staff Welfare Expenses	2,20,82,902	1,79,60,684
TOTAL	<u>20,97,09,367</u>	<u>17,63,66,796</u>
<b>16 INTEREST &amp; FINANCE CHARGES</b>		
Interest on Fixed Loans	10,20,77,555	5,37,38,754
Interest on Others	5,74,24,467	2,83,99,587
TOTAL	<u>15,95,02,022</u>	<u>8,21,38,341</u>
<b>17 REPAIRS &amp; MAINTENANCE</b>		
Plant & Machinery	6,94,58,070	5,49,05,701
Buildings	67,06,218	82,58,817
Others	51,29,992	51,52,576
TOTAL	<u>8,12,94,280</u>	<u>6,83,17,094</u>
<b>18 SELLING EXPENSES</b>		
Advertisement & Sales Promotion	7,59,00,490	6,31,75,649
Handling, Packing & Forwarding	3,75,18,578	2,95,74,325
TOTAL	<u>11,34,19,068</u>	<u>9,27,49,974</u>
<b>19 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	27,41,426	26,48,675
Insurance	1,16,46,277	87,36,216
Directors' Sitting fees	7,15,000	8,10,500
Postage, Telephone, Telegrams, Telex & Email charges	92,19,406	92,95,596
Travelling & Conveyance	2,40,68,965	1,90,54,251
Printing & Stationery	37,93,713	32,53,645
Motor Car Maintenance	66,32,755	94,11,115
Bank Charges	88,22,931	62,26,792
Audit, Accountancy & Legal Charges	177,94,272	63,95,341
Bad debts	10,17,477	(1,18,325)
Loss on sale of assets	19,959	-
Other Miscellaneous expenses	3,81,49,583	2,48,17,268
TOTAL	<u>12,46,21,764</u>	<u>9,05,31,074</u>

# **CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES**

## **SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007 (Contd.)**

	For the Year ended 31.03.2007 Rs.	For the Year ended 31.03.2006 Rs.
<b>20 DEPRECIATION AND AMORTISATION</b>		
Land-Leasehold	6,349	20,314
Buildings	2,67,32,341	1,93,52,335
Railway Sidings	34,987	1,53,897
Plant & Machinery	24,14,55,419	15,11,26,728
Electrical Machinery	2,10,67,190	1,46,84,342
Furniture and Office Equipments	24,92,793	24,08,519
Vehicles	27,73,514	26,77,936
Aircraft	5,74,646	5,74,646
<b>TOTAL</b>	<b>29,51,37,239</b>	<b>19,09,98,717</b>
<b>21 DECREASE IN STOCK</b>		
Closing Stock of Finished Goods	46,69,10,858	40,56,78,576
Opening Stock of Finished Goods	40,56,78,576	20,86,29,770
(Increase) / Decrease	(6,12,32,282)	(19,70,48,806)
Excise duty on stock variance	1,39,31,284	3,97,17,347
(Increase) / Decrease	(4,73,00,998)	(15,73,31,459)

## **22 STATEMENT OF ACCOUNTING POLICIES:**

### **a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

### **b) PRINCIPLES OF CONSOLIDATION**

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

The Consolidated Financial Statements have been prepared on the following basis:-

- The Financial Statements of the Subsidiaries have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profits or losses.
- The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

### **c) OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

As per our Report Annexed

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

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

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr.A. RAMAKRISHNA  
Directors

Place : Chennai  
Date : May 30, 2007

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

### 23 NOTES ON ACCOUNTS:

	As at 31.03.2007	As at 31.03.2006
	Rs.	Rs.
1	Contingent Liabilities not provided for:-	
a.	Estimated amount of contracts remaining to be executed on Capital accounts	44,00,000
b.	Bank Guarantees	3,41,73,117
c.	Letters of Credit	11,42,80,506
d.	Corporate Guarantee furnished by the Company to UTI Bank Ltd for Ramco Systems Limited to support their credit facilities	15,00,00,000
	Corporate Guarantee furnished by the Company to The Karur Vysya Bank Limited for Ramco Systems Limited to support their credit facilities	10,00,00,000
	Corporate Guarantee furnished by the Company to IDBI Bank Ltd for Ramco Systems Limited to support their credit facilities	10,00,00,000
2	Audit, Accountancy and Legal Charges include fees (inclusive of service tax) paid to Statutory Auditors towards:	
	Statutory Audit Fees	5,41,710
	Tax Audit Fees	22,448
	Fees for certification	21,124
	Expenses of Audit	1,49,039
3	The Deferred tax liability as on 31.03.2007 consists of Timing Difference on account of depreciation. In the opinion of the management the provision for deferred tax is not expected to crystallize into a liability.	
4	The Parent Company provides depreciation on all its Plant & machineries under Straight Line Method as per the rates prescribed in Section 205(2) (b) of the Companies Act, 1956, excepting those machineries & equipments acquired and commissioned at Fibre Cement Sheet Plants at Kharagpur, Vijayawada and Sinugra, Calcium Silicate Board Plant at Arakkonam, Cement clinker grinding Unit at Kharagpur and Wind Electric Generators, under Written Down Value method applying rates prescribed in Schedule XIV of the Companies Act, 1956. The Subsidiary Company in Sri Lanka provide depreciation on all assets under Straight Line Method as per rates prescribed under the laws of that country.	
5	Research and Development expenses charged to Profit & Loss Account consist of depreciation on assets used for Research and Development amounting to Rs. 9,21,816/- and other expenses amounting to Rs. 2,66,475/-	
6	Income Tax assessment has been completed upto the Accounting year 2003 – 2004 (i.e. Assessment year 2004-05. Demand raised by the Department amounting to Rs.67 lacs (Previous year Rs.168 lacs) have been disputed by the Company and necessary appeals have been filed. Based on the nature of claim disputed, no provision for tax has been considered necessary.	
7	Sales Tax demands amounting to Rs.4.92 crores (previous year Rs.4.92 crores) have been disputed by the Company and necessary appeals have been filed. Based on the nature of claim disputed, no provision for tax has been considered necessary.	
8	Current Liabilities:- There are no outstandings to Small scale industrial undertakings for more than 30 days.	
9	The Parent Company's Shares are listed on Madras Stock Exchange, National Stock Exchange of India Ltd and The Stock Exchange, Mumbai and the listing fees in respect of all the three exchanges have been paid.	
10	Liabilities for expenses include Rs.18,37,907/- being commission payable to the Vice Chairman & Managing Director.	

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

- 11 a. The Term Loan of Rs.951.60 lacs outstanding with Indian Bank under Technology Upgradation Fund Scheme is secured by an exclusive charge on the assets procured under the scheme, for the Wind Mill Division
- b. The Term Loan of Rs.2870.04 lacs availed from Indian Bank under Technology Upgradation Fund Scheme is secured by an exclusive charge on the assets procured under the scheme, for our New Ramco Textile Mill Division and the Wind Mill Division
- c. The Term Loan of Rs.713.02 lacs availed from The Karur Vysya Bank Ltd under Technology Upgradation Fund Scheme is secured by first pari passu charge on fixed assets excluding specifically charged assets, for our existing Ramco Spinners Division.
- d. The Term Loan of Rs.500 lacs availed from State Bank of India is secured by a first pari passu charge on the fixed assets of the Company excluding specifically charged assets.
- e. The Term loan of Rs.5000 lacs availed from State Bank of Indore is secured by a first pari passu charge on the fixed assets of the Company excluding specifically charged assets.
- f. The Term loan of Rs.1000 lacs availed from State Bank of Mauritius is secured by a first pari passu charge on the fixed assets of the Company excluding specifically charged assets.
- g. The Working Capital Borrowings of the Company are secured by hypothecation of Stocks of raw materials, work-in-progress, stores, spares and finished goods and book debts.

### 12 Retirement Benefits:

Expenditure on Voluntary Retirement Scheme is amortised over a period of five years. An amount of Rs.4,05,160/- unamortised is shown under Miscellaneous Expenditure in the Balance Sheet of the Company.

- 13 Net loss on account of difference in rate of exchange on foreign currency transaction amounting to Rs.34,76,237/- has been recognized in the Profit and Loss Account.

### 14. SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

As required under Accounting Standard (AS-17) the Segment wise Revenue, Results and Capital employed are furnished below:-

Particulars	Building Products		Textiles		Others		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>1. Revenue/Income from operations</b>								
External Customers	3,26,72,15,656	2,78,67,99,701	38,04,74,717	19,22,54,918	14,07,62,580	6,06,74,445	3,78,84,52,953	3,03,97,29,064
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	3,26,72,15,656	2,78,67,99,701	38,04,74,717	19,22,54,918	14,07,62,580	6,06,74,445	3,78,84,52,953	3,03,97,29,064
<b>2. Results</b>								
Segment results	38,23,85,035	57,01,67,708	2,50,47,238	(33,36,112)	10,06,63,952	(42,44,952)	50,80,96,225	56,25,86,644
Unallocated Corporate Expenses	-	-	-	-	-	-	-	-
Operating Profit / (Loss)	38,23,85,035	57,01,67,708	2,50,47,238	(33,36,112)	10,06,63,952	(42,44,952)	50,80,96,225	56,25,86,644
Interest Expenses							15,95,02,022	8,21,38,341
Interest Income / Dividend Income							6,06,29,452	3,97,43,766
Income Tax - Current							12,01,65,779	7,90,66,750
- Deferred							70,89,078	8,61,22,166
- Fringe Benefit Tax							33,00,000	40,00,000
Profit from Ordinary activities							27,86,68,798	35,10,03,153
Extraordinary Profit / Loss								
Net Profit							27,86,68,798	35,10,03,153
<b>3. Other Information</b>								
Segment Assets	2,24,63,60,326	2,24,61,66,846	64,88,21,597	41,18,96,288	67,79,85,659	87,04,63,801	3,57,31,67,582	3,52,85,26,935
Unallocated corporate assets	-	-	-	-	-	-	1,87,64,27,188	1,70,12,28,323
Total assets	2,24,63,60,326	2,24,61,66,846	64,88,21,597	41,18,96,288	67,79,85,659	87,04,63,801	5,44,95,94,770	5,22,97,55,258
Segment Liabilities	1,80,45,66,143	1,85,04,65,811	37,10,78,164	26,08,48,362	84,58,72,001	89,43,79,535	3,02,15,16,308	3,00,56,93,708
Unallocated corporate liabilities	-	-	-	-	-	-	23,12,661	16,11,845
Total Liabilities	1,80,45,66,143	1,85,04,65,811	37,10,78,164	26,08,48,362	84,58,72,001	89,43,79,535	3,02,38,28,969	3,00,73,05,553
Capital Expenditure	18,78,82,003	87,57,21,169	10,17,04,544	28,82,57,156	73,31,615	-	29,69,18,162	1,16,39,78,325
Depreciation	13,43,19,743	12,03,77,067	4,92,92,934	1,77,26,945	11,15,24,562	5,28,94,705	29,51,37,239	19,09,98,717
Non-cash expenses other than depreciation					4,05,160	18,14,916	4,05,160	18,14,916

## CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

### 15. Earnings Per Share

Particulars	For the year ended	
	31.03.2007 (Rs.)	31.03.2006 (Rs.)
Net Profit after Tax (A)	27,86,68,798	35,10,03,153
No. of Shares (B)	43,33,153	43,33,153
Basic and Diluted earnings per share of Rs.10 each (A/B)	64	81

### 16. Related Party Disclosure

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

**a. Subsidiary Companies:**

1. Sudharsanam Investments Ltd
2. Sri Ramco Lanka (Private) Ltd., Sri Lanka

**b. Key Management Personnel and relatives:**

- P.R. Ramasubrahmaneya Rajha  
P.R. Venketrama Raja

**c. Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year.**

- Rajapalayam Mills Ltd.  
Madras Cements Ltd.  
Ramco Systems Ltd.  
Ramaraju Surgical Cotton Mills Ltd.  
Sri Vishnu Shankar Mill Ltd.  
Sandhya Spinning Mills Ltd.  
Thanjavur Spinning Mill Ltd.  
Madras Chipboard Ltd.

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

Sl. No.	Name of the Related Party / Transaction	Amount Rs.	Outstanding as on 31.03.2007 (Rs.)	Dr./Cr.
i.	<b>Export of Machinery and Spares:</b> Sri Ramco Lanka (Private) Ltd. Machinery / Spares	2,13,85,455	6,93,107	Dr
ii.	<b>Service income:</b> Sri Ramco Lanka (Private) Ltd. Royalty (Accrued but not due)	7,73,23,799	1,98,88,901*	Dr
iii.	<b>Sale of Goods:</b> Sandhya Spinning Mill Ltd. - Building Products	6,49,545	NIL	
	The Ramaraju Surgical Cotton Mills Ltd. - Waste Cotton	1,47,17,237	NIL	
	- AC Sheets	7,82,060	6,10,320	Dr
	Sri Vishnu Shankar Mill Ltd. - Building Products	9,14,539	NIL	
	Rajapalayam Mills Ltd. - Building Products	61,65,783	NIL	
	Thanjavur Spinning Mill Ltd. - Building Products	1,35,615	NIL	

# **CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES**

Sl. No.	Name of the Related Party / Transaction	Amount Rs.	Outstanding as on 31.03.2007 (Rs.)	Dr./Cr.
<b>vi.</b>	<b>Purchase of Goods:</b>			
	Madras Cements Ltd.			
	- Cement	26,26,54,407	2,65,87,200	Cr
	- Clinker	2,06,25,693	NIL	
	- Fly Ash	12,94,145	NIL	
	Rajapalayam Mills Ltd. - Yarn	7,75,194	NIL	
	The Ramaraju Surgical Cotton Mills Ltd.			
	- Cotton	66,75,245	NIL	
	Sandhya Spinning Mill Ltd. - Yarn	70,02,016	NIL	
	Ramco Systems Ltd.			
	- ERP Implimentation	95,37,500	56,26,000	Cr
	Ontime Transport Company Ltd.			
	- Freight on Cement	2,57,400	2,57,400	Cr
<b>v.</b>	<b>Sale of Shares held as investment:</b>			
	Thanjavur Spinning Mill Ltd			
	- Shri P.R. Ramasubrahmaneya Rajha	54,03,767	NIL	
	- Shri P.R. Venketrama Raja	28,73,475	NIL	
	- Promoter's Relatives	61,06,258	NIL	
<b>vi.</b>	<b>Investments Made:</b>			
	Madras Cements Ltd., 68,931 Equity shares	17,38,56,830	NIL	
<b>vii.</b>	<b>Inter Corporate Deposits received:</b>			
	Madras Cements Ltd.	4,00,00,000	NIL	
<b>viii.</b>	<b>Interest on Inter Corporate Deposit paid</b>			
	- Madras Cements Ltd.	2,30,137	NIL	
<b>ix.</b>	<b>Corporate Gurantees Issued:</b>			
	Ramco Systems Ltd.	35,00,00,000	-	
<b>x.</b>	<b>Short Term Borrowings:</b>			
	Shri P.R. Venketrama Raja		10,27,674	Cr
	Shri K.T. Ramachandran		1,00,000	Cr
<b>xi.</b>	<b>Intercompany Loans given</b>			
	Sudharsanam Investments Ltd.	4,00,00,000	3,74,31,941	Dr

The above transactions were done in the ordinary course of business and at commercial rates. No amount has been written off or written back in the accounts

\*Amount outstanding net of TDS

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

Name	Closing Balance as on 31.03.2007 inclusive of interest accrued (Rs.)	Interest Accrued Rs.
Sri. P.R. Venketrama Raja	10,27,674	1,35,447
Sri. K.T. Ramachandran	1,00,000	7,000

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

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

As per our Report Annexed

For M/s. M.S. Jagannathan &

N. Krishnaswami

Chartered Accountants

K. SRINIVASAN

Partner

Membership No.21510

Place : Chennai

Date : May 30, 2007

For M/s. CNGSN & Associates

Chartered Accountants

C.N. GANGADARAN

Partner

Membership No.11205

P.R. RAMASUBRAHMANEYA RAJHA

Chairman

P.R. VENKETRAMA RAJA

Vice-Chairman & Managing Director

S. KRISHNAN

Company Secretary

S. ARJUNA RAJA

S.S. RAMACHANDRA RAJA

K.T. RAMACHANDRAN

N.K. SHRIKANTAN RAJA

M.G. BALASUBRAMANIAN

Dr.A. RAMAKRISHNA

Directors



# CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO INDUSTRIES LIMITED AND ITS SUBSIDIARIES

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax and Extra-ordinary items	40,92,23,655	52,01,92,069
Adjustments for:		
Depreciation	29,51,37,239	19,09,98,717
Bad debts	10,17,477	(1,18,325)
Misc.Expenditure Written Off	14,09,756	
Interest Paid	15,95,02,022	8,21,38,341
Loss on sale of assets	19,959	
Profit on sale of assets	(20,19,460)	(12,72,570)
Profit on sale of investments	(56,25,000)	
Interest and Dividend received	(6,06,29,452)	(3,97,43,766)
<b>Operating Profit before working capital changes</b>	<b>79,80,36,196</b>	<b>75,21,94,466</b>
Adjustments for:		
Sundry Debtors	(4,05,61,289)	(4,89,37,488)
Inventories	6,76,50,327	(32,96,89,646)
Other receivables	(10,11,66,478)	(5,37,98,540)
Sundry Creditors	(10,78,80,516)	13,45,91,605
Other payables	5,54,70,826	2,99,17,262
Advance Tax and TDS	(1,70,01,768)	(2,87,44,191)
Taxation	(8,55,95,762)	(6,29,76,346)
<b>Net Cash from operating activities (A)</b>	<b>56,89,51,536</b>	<b>39,25,57,122</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(29,69,18,162)	(1,16,39,78,325)
Sales of / Adjustment for Fixed Assets	3,94,76,228	35,12,999
Purchase of Investments	(17,39,83,411)	(20,18,91,263)
Sale of Investments	1,61,25,000	
Interest and Dividend received	6,06,29,452	3,97,43,766
<b>Net cash used in investing activities (B)</b>	<b>(35,46,70,893)</b>	<b>(1,32,26,12,823)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	66,81,03,219	78,02,02,000
Proceeds from Short Term borrowings	(21,71,22,261)	44,99,61,372
Repayment of Long Term borrowings	(77,53,40,000)	(1,60,00,000)
Increase/decrease in cash credit from banks	33,43,26,986	(5,01,20,245)
Payment of Dividend and tax thereon	(7,47,09,229)	(7,43,26,922)
Interest paid	(15,95,02,022)	(8,21,38,341)
<b>Net cash from Financing activities (C)</b>	<b>(22,42,43,307)</b>	<b>1,00,75,77,864</b>
Net increase in cash and cash equivalents (A+B+C)	(99,62,664)	7,75,22,163
Opening cash and cash equivalents	16,21,79,260	8,46,57,097
Closing cash and cash equivalents	15,22,16,596	16,21,79,260
Net increase in cash and cash equivalents	(99,62,664)	7,75,22,163

P. R. RAMASUBRAHMANEYA RAJHA  
Chairman  
P.R. VENKETRAMA RAJA  
Vice-Chairman & Managing Director

Chennai,  
May 30, 2007

S. KRISHNAN  
Company Secretary

S. ARJUNA RAJA  
S.S. RAMACHANDRA RAJA  
K.T. RAMACHANDRAN  
N.K. SHRIKANTAN RAJA  
M.G. BALASUBRAMANIAN  
Dr. A. RAMAKRISHNA  
Directors

### AUDITORS' CERTIFICATE

To  
The Board of Directors  
Ramco Industries Limited  
Chennai-4.

We have examined the above Consolidated Cash Flow Statement of Ramco Industries Limited and its subsidiaries. The Statement has been prepared based on and in agreement with the corresponding Consolidated Profit and Loss account and Balance Sheet of Ramco Industries Limited and its Subsidiaries covered by our report of 30.05.2007 to the members of the Company.

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

Chartered Accountants

**K.SRINIVASAN**

Partner

Membership No. 21510

Place : Chennai

Date : May 30, 2007

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

Chartered Accountants

**C.N. GANGADARAN**

Partner

Membership No.11205