

FORWARD-LOOKING STATEMENT

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Information

Board of Directors

Navin Agarwal - *Chairman*

Agnivesh Agarwal - *Whole-time Director*

P Ramnath - *Director*

C Murugeswaran - *Whole-time Director*

Executive Director

C Murugeswaran

Independent Directors

Kamal Jain

Non-Executive

M. Aruna

Auditors

M/s. Deloitte Haskins & Sells

Bankers

HDFC Bank

State Bank of India

ICICI Bank

Corporate Office and Malco

Mettur Dam R.S. 636 402,
Salem Dist, Tamil Nadu
Phone : 04298 304309/350
Fax : 04298 222215
Email : masec@vedanta.co.in
Website : www.malco-india.com

Share Office

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Phone : 040 44655000
Fax : 040 23420814
E-mail : einward.ris@karvy.com

Chairman's Speech



Dear Shareholders,

It gives me immense pleasure in welcoming you to the 53rd Annual General Meeting of the Company with a report on your Company's performance during the year 2012-13. I am delighted to inform you that your Company has delivered sustainable performance and has surpassed all operational parameters, setting new benchmarks for itself.

Performance

Your Company has not only achieved business targets within the set timelines throughout the year, but has also raised the bar in several key performance areas. The team has performed with great zeal and has excelled at all process levels - from sourcing of coal to generation of power with budgeted coal consumption. The Company registered highest annual gross generation at 943 MU with lowest specific coal consumption of 469.8 gms/unit. Your Company exhibited great efficiency in its operations - the Plant Load Factor (PLF) has increased to 107.64% during the year as compared to 74.59% in the previous year.

The Power Sales of the Company grew from 581 MU in the last financial year to 847 MU in FY 2012-13. The average price of the key raw material ie. coal was ₹ 6,868 PMT in the current year as compared to ₹ 7,129 PMT in the previous year, measured at 6,000 NCV, thus 2.66% lower as compared to the previous year.

Your Company posted an EBITDA of ₹ 133.62 Crores and a Profit After Tax (PAT) of ₹ 109.36 Crores for the FY 2012-13.

All these achievements speak for itself !!!

Navin Agarwal

Chairman,

The Madras Aluminium Company Limited



Sectoral Review

The prospects of power industry continues to be good, with both Central Government and State Government of Tamil Nadu planning to invest substantially for the development of this sector. The Hon'ble President of India in his opening statement of Budget Session on February 21, 2013 stated that "A Scheme for financial restructuring of State owned distribution companies has been notified by the Government of India to enable their turnaround and long-term viability. This would help settle loans worth more than ₹ 1.85 lakh Crore that the power utilities owe to financial institutions".

Tamil Nadu as a State, is fast transforming itself into a State with highest contribution to National GDP having balanced industrial and agricultural growth. For the State to keep its momentum, proper infrastructure facilities needs to be provided. Among the infrastructure facilities, growth of power sector and its financial viability is imperative for speedier and sustained socio-economic development of the State.

The Hon'ble Chief Minister of Tamil Nadu on March 22, 2012 released a document titled "Vision Tamil Nadu-2023" envisaging a massive investment of ₹ 4,50,000 Crores in the Energy Sector in the State. The major share of the investments amounting to ₹ 2,80,000 Crores will be utilized to augment the Power Generation Capacity in the State. Tamil Nadu aspires to be a power surplus State by the end of Twelfth Five Year Plan (2012-17), and aims for the capacity addition of around 15,504.5 MW through conventional sources during the Twelfth Five Year Plan (2012-2017).

Thus, the State has been taking necessary measures to augment its power generation capacity and meet

the ever increasing demand requirements. The Private Power producers including MALCO, in the State have also played a major role in achieving the overall growth of the State.

MALCO Family

At MALCO, we follow a system of meritocracy in our organization wherein individuals are recognized for their efforts and opportunities are provided to them for their continued growth across various facets of business processes.

We believe - People are the most important asset for any organization. In 2012-13, high impetus was given to Learning & Development, with 4 mandays of training being provided to every employee. Few of our critical employees were sponsored for Management Development Programme at IIM Kozhikode, IIM Lucknow & ASCI Hyderabad.

In line with the objectives of the Company to increase the sense of togetherness and teamwork amongst employees, an Event Management Team (EMT) was formed to conduct various rejuvenating employee engagement activities. We continue to develop and retain the best available talent across functions to sustain high performance culture. Our Company strives to implement the best HR practices so as to ensure talent retention at all levels.

Dividend

The Board has recommended a final dividend of ₹ 2.50 per share (125%), taking the total dividend for FY 2012-13 to ₹ 4.50 per share (225%). The total dividend outgo will be ₹ 50.69 Crore in the FY 2012-13 as compared to ₹ 28.11 Crore during the previous year.

>> MALCO has delivered sustainable performance and has surpassed all operational parameters, setting new benchmarks for itself.

Restructuring

With the objective to improve allocation of capital, enhance visibility of earnings & cash flows, provide broader access to capital at lower cost and create better tax efficiency, the Company is pursuing the Amalgamation and Arrangement ("Scheme").

The Company petitions for the Scheme were heard in the High Court of Madras and Goa Bench of High Court of Bombay. The Hon'ble High Court of Bombay, Goa Bench by its order dated April 3, 2013 has approved the Scheme of Arrangement. The Scheme is also subject to approval of the Hon'ble High Court of Madras wherein the hearings are completed and the order has been reserved.

The Scheme is expected to synergize the operations of the resultant Company, generating cost savings of about ₹ 1,000 Crore per annum and will also result in accretive increase in shareholders earning per share.

The Scheme is consistent with the overall group strategy to simplify group structure and eliminate cross holdings. The resulting Company will have a wider geographical footprint negating the constraints of operating in limited geography and associated risks involved in the process.

Health is Wealth

Safety of employees is given utmost priority at MALCO. Various safety related awareness programs were organized at MALCO. The Severity Index stood at zero for the FY 2012-13. The LTIFR (Lost Time Injury Frequency Rate) of 0.00 for continuous second year in a row, emphasizing the efforts undertaken by the Company in safety front. During the year, the Company has integrated stack emission data with Tamil Nadu Pollution Control Board (TNPCB).

During 2012-13, the Company disposed off 2,77,889 MT of red mud, 32,877 MT of fly ash and 5,624 MT of bottom ash to cement and brick manufacturing industries as a part of its responsible material allocation and commitment.

Future Outlook

Over the years, India has seen a multifold growth in its installed energy capacity, but the gap between demand and supply has been widening and is constantly on the rise. Strengthening of Power sector and augmentation of capacity plays a pivotal role for India to sustain its growth story and achieve 8-9% growth in near future. The Government has recognized the importance of energy security and has undertaken host of measures in this regard. The very fact that four out of twelve focus areas detailed in the approach note to Twelfth Five Year Plan (2012-17) by planning commission are energy – related viz, Advanced Coal Technologies, National Wind Energy mission, National Solar Mission and Energy efficiency programmes in the industry, speaks volume of the importance given by Government to this sector.

Acknowledgement

I must assure our shareholders that the process of re-structuring is expected to be completed in the next financial year, and the resultant Company shall play its due role in nation's development.

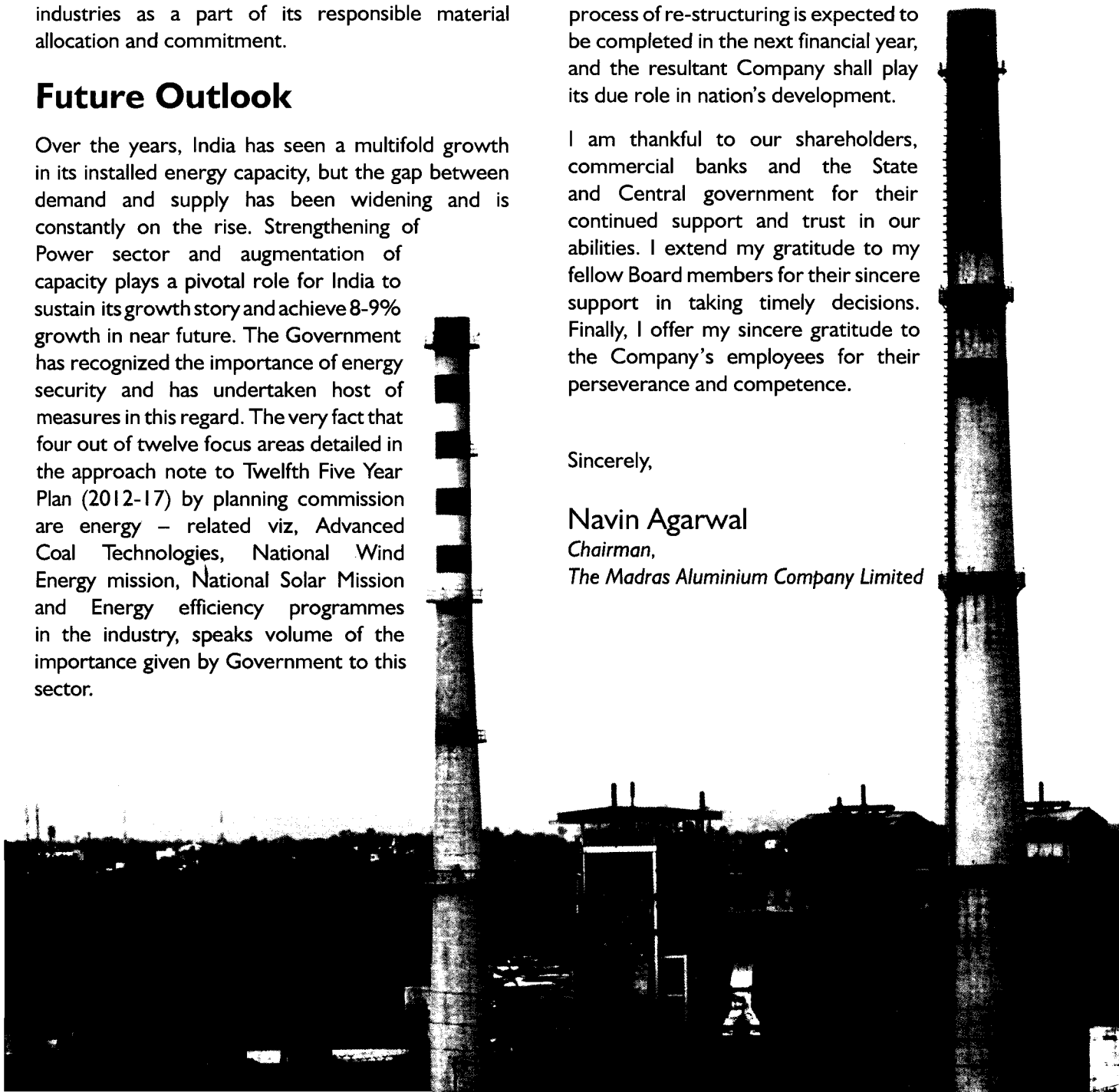
I am thankful to our shareholders, commercial banks and the State and Central government for their continued support and trust in our abilities. I extend my gratitude to my fellow Board members for their sincere support in taking timely decisions. Finally, I offer my sincere gratitude to the Company's employees for their perseverance and competence.

Sincerely,

Navin Agarwal

Chairman,

The Madras Aluminium Company Limited



Highlights

FY 2012-13

Revenues (Gross) (₹ in Million)

| | |
|---------|----------|
| 2012-13 | 5,051.52 |
| 2011-12 | 3,061.26 |
| 2010-11 | 4,399.96 |
| 2009-10 | 4,693.76 |
| 2008-09 | 4,920.77 |

Profit Before Tax (₹ in Million)

| | |
|---------|----------|
| 2012-13 | 1,331.37 |
| 2011-12 | 513.98 |
| 2010-11 | 1,186.67 |
| 2009-10 | 1,771.21 |
| 2008-09 | 474.57 |

Post Tax Profit (₹ in Million)

| | |
|---------|----------|
| 2012-13 | 1,093.62 |
| 2011-12 | 445.99 |
| 2010-11 | 1,875.62 |
| 2009-10 | 1,465.51 |
| 2008-09 | 458.64 |

Cash Profit (₹ in Million)

| | |
|---------|----------|
| 2012-13 | 1,615.17 |
| 2011-12 | 796.93 |
| 2010-11 | 1,140.68 |
| 2009-10 | 1,775.33 |
| 2008-09 | 659.19 |

Gross Block (₹ in Million)

| | |
|---------|----------|
| 2012-13 | 6,289.47 |
| 2011-12 | 6,211.11 |
| 2010-11 | 6,111.59 |
| 2009-10 | 6,039.91 |
| 2008-09 | 5,091.33 |

Earnings per share (Basic) (₹)

| | |
|---------|-------|
| 2012-13 | 9.72 |
| 2011-12 | 3.96 |
| 2010-11 | 16.67 |
| 2009-10 | 13.03 |
| 2008-09 | 4.08 |

Plant Load Factor (%)

| | |
|---------|---------|
| 2012-13 | 107.64% |
| 2011-12 | 74.59% |
| 2010-11 | 104.79% |
| 2009-10 | 103.33% |
| 2008-09 | 107.14% |

Financial Highlights

- ❖ Total revenue of the Company increased 65%, from ₹ 3,061.26 Million in 2011-12 to ₹ 5,051.52 Million in 2012-13.
- ❖ The profit after tax has increased 145% from ₹ 445.99 Million in 2011-12 to ₹ 1,093.62 Million in the year 2012-13.
- ❖ The cash profit of the Company increased by 102% from ₹ 796.93 Million in 2011-12 to ₹ 1,615.17 Million in the year 2012-13.

Operational Highlights

- ❖ Gross Power generation increased from 655 MU in 2011-12 to 943 MU in 2012-13.
- ❖ Power Sales increased from 581 MU in 2011-12 to 847 MU in 2012-13.
- ❖ The Plant Load Factor Increased from 74.59% in 2011-12 to 107.64% in 2012-13, marking the highest PLF in the last five years.

With India poised for higher GDP growth rate, it is expected that the demand for power will increase at a much faster pace than historical trends.

is confident to effectively use the ever increasing opportunities in this sector.