

ANNUAL REPORT
2010-11

“ KALYANPUR ”
Cements Limited

Board of Directors

Sri Satyadeva P. Sinha, Executive Chairman
Sri Shailendra P. Sinha, Managing Director
Sri Anant P. Sinha, Joint Managing Director
Sri Mahesh Prasad
Sri D.N. Bhandari
Sri B.C. Srivastava
Dr. K.C.Varshney
Sri Arun Sharma
Sri Mahendra Lodha
Sri K. Balasubramanian
Sri Dhananjay Lodha

1. Auditors

M/s M. Mukerjee & Co.

2. Internal Auditors

M/s B. Gupta & Co.

3. Cost Auditors

M/s Mitra, Bose & Associates

Registered Office

2 & 3, Dr. Rajendra Prasad Sarani
Kolkata- 700 001

Corporate Office

Maurya Centre
1, Fraser Road, Patna-800 001
Bihar

Audit Committee

Sri D.N.Bhandari, Chairman
Dr. K.C.Varshney
Sri Dhananjay Lodha
Sri Arun Sharma
Sri B.C. Srivastava

**Share Transfer & Shareholders' Grievance
Redressal Committee**

Sri D.N. Bhandari, Chairman
Sri S.P. Sinha
Sri Shailendra P. Sinha

Senior Management

Sri Siddharth P. Sinha, Executive Director
Sri S.B.Prasad, President (Management Audit)
Sri P.K. Chaubey, President (Finance) & Co. Secretary
Sri Faisal Alam, President (Sales & Marketing)
Sri D.M. Sinha, Sr. Vice-President (Works)
Sri S.C. Banka, Group Head - HR

Factory

Banjari, Distt. Rohtas - 821 303
Bihar

DIRECTORS' REPORT**FOR THE YEAR ENDED 31st MARCH, 2011***The Shareholders,*

Your Directors submit herewith their Report together with the audited accounts for the year ended 31st March '2011

1. FINANCIAL RESULTS

		(Rupees in Lacs)	
		Year ended 31.03.2011	Year ended 31.03.2010
	Total Turnover including other income	23756.91	23244.06
1.	Profit before depreciation, interest, tax and other appropriations	(54.06)	2128.13
2.	Less :		
	Interest and Finance Charges & Misc. Provisions	299.79	248.33
	Depreciation/ deferred revenue expenditure written off	1380.64	1383.41
	Fringe Benefit Tax	0.00	5.77
3.	Net Loss	(1734.49)	490.62
4.	Write back of Sales Tax	8754.71	1207.11
5.	Sales Tax reversed	0.00	(8754.71)
6.	Loss carried to Balance Sheet	(18448.84)	(25469.06)

2.0 PRODUCTION

Clinker and Cement production further improved during the year, surpassing the previous year's performance levels, with capacity utilization of 88% in Clinker and 76% in cement production, against 83% and 68% achieved during 2009 -10.

3.0 FINANCIAL PERFORMANCE

After two years of slowdown, Indian economy made a broad based recovery in 2010-11 with Industrial Sector clocking a growth of 8.1%, Services Sector by 9.6% and Agricultural Sector by 5.4% taking the GDP growth to 8.6% overall.

However, Cement Industry entered a critical phase, with subdued demand adversely affecting capacity utilizations with lowest growth in over a decade. Cement production on All India basis increased by 4.69%, and consumption went up 4.57%. Cement prices remained under severe pressure and together with cost hikes, cut deeply into margins of the Industry.

Inflationary pressure particularly in food items which also affected public spending, was a major challenge, forcing the Govt. to roll back fiscal stimulus and resort to monetary tightening.

Despite achieving the highest ever production level, lower demand, cost hikes and steep fall in realization resulted in net loss from operations, for the Company. As a result of the aforesaid factors, the company incurred a loss of Rs. 17.34 crores during the year as compared to the profit of Rs. 4.91 crores during the previous financial year i.e. 2009-10.

4.0 FINANCES

The Company continued its efforts to strengthen plant operations and improve operating efficiency, resulting in achievement of highest ever capacity utilization of 103% in Clinker and 90% in Cement and power efficiency rate of 73 Kwh per tonne of Cement in the last quarter of 2010-11. However, pricing came under severe pressure and was lower by almost Rs. 300 per tonne, with more than 31% growth in supplies into Bihar markets in the last two years and the number of players in the Bihar market increasing from 26 in 2008-09 to 42 in 2010-11. With steep drop in margins as a result of lower prices, the Company experienced liquidity constraints. Furthermore, the prices of A and B grades of Coal were hiked by Coal India Ltd. by almost 100%.

The Govt. changed the Excise Duty structure which put an additional burden of Rs. 50/- MT which could not be passed on to the consumer. In addition, BSEB has levied Fuel Surcharge with retrospective effect, having a financial bearing of Rs. 4.5 crores for the company. Although challenged in the court of Law, if upheld, the liability on account of Fuel Surcharge would crystallize putting Company's liquidity into further stress.

The Company's reference before the Board for Industrial and Financial Reconstruction (BIFR) made in terms of the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 is still pending. BIFR has circulated the Draft Rehabilitation Scheme (DRS) to various Stakeholders for approval. The approvals are awaited.

The outlook for Cement Industry has been explained in the 'Management Discussion and Analysis' report appended as Annexure-4 to the Directors Report.

5.0 DIVIDENDS

The Directors regret their inability to recommend any dividend in view of the present position of the Company.

6.0 LISTING AGREEMENTS WITH STOCK EXCHANGES

The Company's Equity Shares are listed on the Calcutta Stock Exchange and Bombay Stock Exchange. Magadh Stock Exchange where, too, the Company was listed has since been derecognized by SEBI. There are no arrears of Annual Listing Fees pending with the Company.

7.0 AUDITORS' REPORT

Although the remarks contained in the Auditors' Report have been appropriately explained in the Notes on Account in Schedule-16, replies to the qualifications / adverse comments made by the Auditors are separately enclosed as ANNEXURE - 1.

8.0 DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act,1956, your Directors have -

- i. followed the applicable accounting standards in preparation of the Annual Accounts for the year ended 31.03.11.
- ii. selected the accounting policies and applied them consistently and made judgements and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.

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

9.0 CORPORATE GOVERNANCE

In terms of Clause 49 of the listing Agreement, the Company is required to comply with the Corporate Governance Code. The Corporate Governance code has already been implemented by the Company and a separate section thereon is included in the Directors' Report as **ANNEXURE-2**.

10.0 DIRECTORS

Under Articles 108 & 109 of the Articles of Association of the Company, Mr. Mahendra Lodha, Mr. D. N. Bhandari and Mr. B. C. Srivastava, Directors retire by rotation in this Annual General Meeting and being eligible offer themselves for reappointment.

11.0 AUDITORS

The Auditors M/s M. Mukerjee & Co. , Chartered Accountants retire in terms of their appointment and being eligible offer themselves for re-appointment.

12.0 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as **ANNEXURE-3**.

13.0 PARTICULARS REGARDING EMPLOYEES

None of the employees of the Company was in receipt of remuneration stipulated under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

14.0 MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been appended to the Report, in terms of the Listing Agreement, as **ANNEXURE-4**.

15.0 APPRECIATION

The Directors wish to put on record their appreciation for the support and contribution made by the Employees of the Company towards the operation.

The Directors also wish to place on record their thanks and appreciation for the help and support given by Asset Reconstruction Company (India) Ltd, Financial Institutions / Banks, State Govt. and Central Govt. in carrying out its operations.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated : 20th May, 2011

ANNEXURE – 1

AUDITOR'S REMARKS AND MANAGEMENT'S REPLIES

Sl. No.	Remarks	Explanation
3(i) of Auditors' Report	As stated in Para B 1.1 and B 1.2 of Schedule 16, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as the financial implications, if not resolved as anticipated, have been explained by the Management in the said notes.	(i) The matter relating to the dispute about 33 KV power line referred to the Arbitration has been fully explained in Paragraph B 1.1 of Schedule 16 to the accounts of the company. (ii) Bihar State Electricity Board (BSEB) has wrongly levied DPS of Rs. 6.27 crores which has been challenged in the Hon'ble Patna High Court on the ground that the DPS could not be levied by BSEB in terms of the tariff Order till the revised energy bill was issued to the Company. The Company is confident of relief in the matter from the Hon'ble Court. This point has been fully explained in Para B 1.2 of Schedule 16 to the Accounts of the Company. (iii) BSEB has levied Fuel Surcharge for the period January–September 2009 and December 2010 to February 2011 aggregating Rs. 4.50 crores. The Company has contended that this is a wrong levy and not payable and accordingly a writ petition has been filed by the Company in the Hon'ble Patna High Court. This point has also been appropriately explained in Para B 1.2 of Schedule 16 to the Accounts of the Company.
3(ii) of Auditors' Report	As stated in Para B 1.3 of Schedule 16, the claims of Cement Regulation Account are disputed.	The Company has disputed before the Hon'ble Delhi High Court, the demand raised by the Ministry of Industry in respect of the levy under Cement Regulation Account amounting to Rs. 2.08 crores on the ground that the levy is not correct and hence interest thereon is also not payable. The point has been fully explained in Para B 1.3 of Schedule 16 to the accounts of the Company.
3(iii) of Auditors' Report	As stated in Para B 1.5 of Schedule 16, Sales Tax liability amounting to Rs. 439.25 lacs (including Rs. 198.27 lacs of penalty and interest) is disputed.	This has been fully explained in Paragraph No. B 1.5 of Schedule 16 to the Accounts.

Sl. No.	Remarks	Explanation
3(iv) of Auditors' Report	<p>In terms of Note B 11 of Schedule 16 to the Accounts, the documents relating to the title of all immovable properties including land at Banjari were deposited with IFCI Limited, which has assigned its loan earlier granted to the Company to ARCIL-Kalyanpur Cements Ltd. Trust.</p> <p>Although documents and papers relating to the title of immovable properties could not be produced before us for our verification we were assured that the Company enjoyed peaceful possession of the said immovable properties.</p>	<p>This is a statement of fact and the Company enjoys peaceful possession of all its immovable properties.</p>
3(vi) of Auditors' Report	<p>Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current Financial Year considering the loss of Rs. 1734.49 Lacs, for the year and write back of Sales Tax dues of Rs. 8754.71 lacs amount to Rs. 18448.84 lacs against the capital and reserve of Rs. 4836.54 lacs which leaves a negative networth of Rs. 13612.30 lacs. In view of this negative networth, ability of the Company to continue as a going concern is dependent upon the Company's performance after the scheme of compromise. Reference may be made to Clause No.(x) of annexure of Auditors' Report read with Note B13 of Schedule 16 to the Accounts.</p>	<p>The Company made a reference to BIFR in March'01 and was registered as a sick Industrial Company in April'01. BIFR declared the company as a Sick Industrial Company in its hearing held on 28.05.02 and appointed IFCI Ltd. as Operating Agency under the Provisions of Sick Industrial Companies (Special Provisions) Act, 1985. In the meantime, an Asset Reconstruction company namely Asset Reconstruction Company (India) Ltd. (ARCIL) acquired the debts of the company from various Financial Institutions and Banks in terms of the Assignment Agreements pursuant to the provisions of the Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interests Act, 2002. A Scheme of Compromise under the Companies Act, 1956 between the Company and its shareholders and Secured Creditors was also approved by the Hon'ble Calcutta High Court on 21.11.2006. Subsequently, BIFR held several hearings and has now circulated a Draft Rehabilitation Scheme (DRS) prepared by the Operating Agency and finalized by BIFR to various agencies including the Govt. of Bihar. The DRS is under consideration of the State Govt. as well as other agencies and the Company is hopeful of approval of DRS by the State Govt. as well as other Agencies and subsequently by BIFR. On implementation of the DRS, the Company's accumulated losses will get wiped out and the Net Worth turn positive in the 6th year of the scheme period. The company, therefore expects to continue as a going concern.</p>
(ix) of Annexure to the Auditors' Report	<p>According to information and as explained to us, barring few exceptions, the Company generally 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, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2011 in respect of dues over six months are as below :</p>	<p>With improvement in operations & financials, the position of payment of statutory dues has significantly improved. The position with regard to each of the dues is given below :</p>

Sl. No.	Remarks	Explanation
(ix) of Annexure to the Auditors' Report	<p>a) Sales Tax (Retained) - Rs. 2040.16 lacs Granted by State Government as per Industrial Policy 1989. As per information and explanation received, the sales tax dues upto 30.09.02 have been stayed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide the order dt. 20.09.2002. Such dues would be ordered to be recovered as per the Rehabilitation Scheme to be finalized by BIFR. In addition, BIFR, in the DRS circulated by it, has provided for payment of these dues in instalments.</p> <p>b) Royalty on Limestone – Rs. 466.28 lacs. As per information and explanation received, BIFR, in its DRS, has provided for payment of these dues in instalments.</p> <p>c) Cement Regulation Account – Rs. 208.23 lacs. The above dues of Cement Regulation Account have been challenged in Delhi High Court.</p> <p>All the dues except at (c) above are undisputed.</p>	<p>The Draft Rehabilitation Scheme (DRS) circulated by BIFR provides for payment of these dues in instalments. DRS provided for payment of Rs. 500 lacs in 1st year of the Scheme which has since been paid.</p> <p>DRS provides for payment of Royalty dues of Rs. 316.28 lacs in instalments besides payment of Rs. 150 lacs in the 1st year of the scheme and payment of Rs. 66 lacs already made to the concerned department of the Govt. of Bihar. The payment of these dues will be made in terms of the approval of the DRS by the Govt. of Bihar which is awaited.</p> <p>DRS provides for payment of CRA dues of Rs. 208.23 lacs in 7th year of the scheme i.e. 2015-16. However, BIFR has subsequently directed for payment of this amount in two instalments in 2nd and 3rd year of the scheme.</p>
(x) of Annexure to the Auditors' Report	<p>According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made cash loss in the current financial year but cash profit in the immediately preceding financial year.</p>	<p>This is a statement of fact and as a result of erosion of the Company's total networth, it is already registered with BIFR as explained in reply to auditors comment at Para No. 3 (vi) of their Report.</p>

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated: 20th May, 2011

CORPORATE GOVERNANCE :**1. Brief statement on Company's philosophy on Code of Governance :**

In terms of the report of Kumarmangalam Birla Committee on Corporate Governance and the directives of SEBI, the listing agreement with Stock-Exchanges has been amended by addition of Clause 49 therein. The Company is required to implement the Corporate Governance Code in letter and spirit. In fact, the Company has already been following some of the sound Corporate Governance practices. Now as stipulated in the listing agreement, it is endeavour of the company to follow the Code of Corporate Governance by adopting Sound Corporate practices and complying with various laws, rules, regulations and the listing agreement with the Stock Exchanges.

2. (a) Composition and category of Directors

Sn.	Name of the Directors	Category	Promoter/ Independent	No. of Shares held	Remarks
01	Shri Satyadeva Prakash Sinha	Executive	Promoter	-	-
02	Shri Shailendra Prakash Sinha	Executive	Promoter	-	-
03	Shri Anant Prakash Sinha	Executive	Promoter	-	-
04	Shri Mahesh Prasad	Non-Executive	Independent	-	Nominee of the Govt. of Bihar
05	Shri D.N. Bhandari	Non-Executive	Independent	176	Please ref. Clause 7(v)(d)
06	Shri B.C. Srivastava	Non-Executive	Independent	-	
07	Dr. K.C.Varshney	Non-Executive	Independent	-	
08	Shri Mahendra Lodha	Non-Executive	Independent	-	
09	Shri Arun Sharma	Non-Executive	Independent	-	Nominee of Asset Reconstruction Company (India) Ltd. (both Lender and Equity Investor).
10	Shri K. Balasubramanian	Non-Executive	Independent	-	
11	Shri Dhananjay Lodha	Non-Executive	Independent	-	

The company presently has three Directors on its Board from Promoter category. The remaining eight Directors are non-Executive independent Directors in terms of the definition of Independent Director contained in Clause 1(A) (iii) of Clause 49 of the Listing Agreement.

2. (b) The attendance record of the Directors at the Board Meetings during the financial year ended on 31st March, 2011 and the last Annual General Meeting (AGM) is as under

Sn.	Name of Directors	No. of Meetings held during the tenure	Attendance at Board Meetings	Attendance at AGM
01	Shri Satyadeva Prakash Sinha	5	5	No
02	Shri Shailendra Prakash Sinha	5	5	No
03	Shri Anant Prakash Sinha	5	5	No
04	Shri Mahesh Prasad	5	1	No
05	Shri D.N. Bhandari	5	4	No
06	Shri B.C. Srivastava	5	5	Yes
07	Dr. K.C. Varshney	5	4	No
08	Shri Mahendra Lodha	5	-	No
09	Shri Arun Sharma	5	3	No
10	Shri K. Balasubramanian	5	3	No
11	Shri Dhananjay Lodha	5	3	No

(c) **Details of Directorships etc :**

The details of Directorship in Companies (excluding Private Limited Companies and Section 25 Companies), Chairmanship and the Committee Membership held by the Directors are given below :

Name of Directors	No. of Directorship	Chairman of the Board	Board Committees of which he is a Member	Board Committees of which he is a Chairman
Shri Satyadeva Prakash Sinha	1	1	1	-
Shri Shailendra Prakash Sinha	3	-	1	-
Shri Anant Prakash Sinha	2	-	-	-
Shri Mahesh Prasad	N.A.	N.A.	N.A.	N.A.
Shri D.N. Bhandari	1	-	1	2
Shri B.C. Srivastava	2	-	2	-
Dr. K.C. Varshney	3	-	-	3
Shri Mahendra Lodha	9	-	4	5
Shri Arun Sharma	1	-	2	-
Shri K. Balasubramanian	1	-	-	-
Shri Dhananjay Lodha	2	-	1	-

The position indicated above includes the Directorship and Membership/Chairmanship of the Committees of the Board of Directors of the Company also.

2. (d) **Number of Board Meetings and dates on which held :**

During the year ended on March 31, 2011, the Board of Directors held 5 meetings. These were held on :

Meeting Serial Number	Date	Meeting Serial Number	Date
1	29 th May, 2010	4	28 th Jan. 2011
2	23 rd July, 2010	5	18 th March, 2011
3	22 nd Oct., 2010		

3. **The Audit Committee :**

(i) **The Audit Committee comprises the following Directors :**

01	Shri D.N. Bhandari	Chairman	Non-Executive Independent
02	Shri Mahendra Lodha (upto 22.10.2010)	Member	Non-Executive Independent
03	Dr. K.C. Varshney	Member	Non-Executive Independent
04	Shri Arun Sharma	Member	Non-Executive Independent
05	Shri Dhananjay Lodha (w.e.f. 22.10.2010)		
06	Shri B.C. Srivastava (w.e.f. 22.10.2010)		

All the members of Audit Committee have sound knowledge of Accounts, Audit and Financial matters. All the members of the Audit Committee are Independent Directors.

(ii) **The following meetings of Audit Committee were held during the year ended 31.3.2011.**

- 1) 29th May, 2010
- 2) 23rd July, 2010
- 3) 22nd Oct., 2010
- 4) 28th Jan, 2011

The following is the attendance record of audit committee members at the meetings of Audit Committee.

Sl. No.	Name of Members of Audit Committee	No. of meetings held in their tenure	No. of meetings attended
1	Shri D. N. Bhandari, Chairman	4	3
2	Shri Mahendra Lodha (upto 22.10.2010)	3	-
3	Dr. K. C. Varshney	4	3
4	Shri Arun Sharma	4	2
5	Shri Dhananjay Lodha (w.e.f. 22.10.2010)	1	-
6	Shri B.C. Srivastava (w.e.f. 22.10.2010)	1	1

(iii) **The Audit Committee has been assigned the following terms of reference :**

- a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending appointment and removal of auditors, fixation of audit fee, approval of payment to statutory auditors for any other services rendered by them.
- c) Reviewing with the management the annual and quarterly financial statements before submission to the board for approval with a focus on matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956, accounting policies and any changes therein, major accounting entries involving estimates based on the exercise of judgement by management, qualifications in draft audit report, significant adjustments arising out of audit, going concern assumptions, compliance with accounting standards, legal compliance and compliance with listing agreement, related party transactions, adequacy of internal audit function including staff structure and seniority of the Officers, reporting structure, coverage and frequency of internal audit, performance of Statutory and Internal Auditors as well as adequacy of Internal Control Systems.
- d) Reviewing, with the Management, the statement of uses/application of funds raised through any kind of issue of share capital, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the Monitoring Agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendation to the Board to take steps in this matter.
- e) Discussion with the Internal Auditors, any significant findings and follow up thereon.
- f) Reviewing the findings of any internal investigation by the Internal Auditors into matters involving suspected fraud or irregularity or failure of internal control system of a material nature.
- g) Discussion with external auditors on the nature and scope of audit and post-audit discussion to ascertain area of concern.
- h) Reviewing the company's financial and risk management policies and the reasons for defaults, if any, in payments to depositors, debenture holders, shareholders and creditors.
- i) Approval of appointment of CFO after assessing the qualification, experience and background of the candidate.
- j) To carry out any other function as required in discharge of the duties mentioned in the above mentioned Terms of Reference of Audit Committee.

(iv) Besides, the Audit Committee has been given the following powers to exercise its functions efficiently and effectively :

- a) to investigate any activity within its terms of reference,
- b) to seek significant information from any employee,
- c) to obtain outside legal or other professional advice,
- d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

- (v) The Audit Committee reviews the following :
- Management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions.
 - Management letters/Letters of Internal Control weaknesses issued by the Statutory Auditors.
 - Internal Audit reports relating to internal control weaknesses.
 - Appointment, Removal and terms of remuneration of the Chief Internal Auditors.

4. Remuneration Committee :

(i) The Remuneration Committee comprises the following directors :

- | | |
|-------------------------|---|
| 1. Dr. K.C. Varshney | Non-Executive Independent Director – Chairman |
| 2. Shri D.N. Bhandari | Non-Executive Independent Director – Member |
| 3. Shri B.C. Srivastava | Non-Executive Independent Director – Member |
| 4. Shri Arun Sharma | Non-Executive Independent Director – Member |

During the year under report, the Remuneration Committee did not have any business and therefore it did not hold any meeting during the year ending 31st March 2011. The Remuneration Committee however met on 20th May 2011 to consider grant of Annual increment to the Executive Directors of the Company.

(ii) The following are the terms of reference of the Remuneration Committee :

- To fix up the Remuneration Package of the Managing Director/Wholetime Director/Executive Directors/Manager and to change or vary the terms and conditions of their appointment subject to Statutory Regulations.
- To decide upon the re-appointment of the Managing Director/Wholetime Director and other Executive Directors/Manager along with their remuneration and recommend to the Board.
- In order to retain the best talents and to motivate them, to review the remuneration packages in line with the trend in the industry and other organisations of similar magnitude.
- To frame an overall Remuneration Policy for the Managing Director/Wholetime Director and other Executive Directors/Manager including the Superannuation and other compensation payments within the overall statutory limits.
- To keep in view while deciding upon remuneration payable to the Managing Director/Wholetime Director/Executive Directors/Manager, the complexities of the business of the company, problems faced by it and efforts made to resolve the same.

(iii) Attendance during the year

The following members attended the meeting of the Remuneration Committee held on 20th May 2011.

- | | | | |
|----|----------------------|---|----------|
| 1) | Dr. K.C. Varshney | - | Chairman |
| 2) | Shri D.N. Bhandari | - | Member |
| 3) | Shri B.C. Srivastava | - | Member |
| 4) | Shri Arun Sharma | - | Member |

7. Disclosures :**(i) Basis of related party transactions**

- a) The details of related party transactions in accordance with Accounting Standard-18 issued by the Institute of Chartered Accountants of India have been given in Note B-16 of Schedule 16 to the Annual Accounts of the Company. The details of such transactions are placed before the Audit Committee from time to time.
- b) The transactions with the related parties are in the normal course of business only.

(ii) Disclosure of Accounting Treatment

In preparation of financial statements, the company has followed the norms prescribed in the Accounting Standard.

(iii) Board Disclosures-Risk Management

The company has reasonable internal controls and procedures in place which help assess the risk and minimise the same. The internal controls and procedures are periodically reviewed with a view to exercising control over risks and consequential losses.

(iv) Proceeds from Public issue/Rights issue/Preferential issue

The company did not issue any share capital during the financial year 2010-11 and hence, this is not applicable.

(v) Remuneration of Directors

- (a) None of the non-Executive Directors has any pecuniary relationship/transaction with the Company.
- (b) The details of remuneration paid to directors have been given below :

Rs. in Lacs

	Shri Satyadeva Prakash Sinha, Executive Chairman	Shri Shailendra Prakash Sinha, Managing Director	Shri Anant Prakash Sinha, Joint Managing Director	Total
Salary	30.00	28.80	25.80	84.60
Benefits	20.46	17.53	18.02	56.01
Bonus	-	-	-	-
Stock Option	-	-	-	-
Pension	-	-	-	-
Provident Fund	-	3.46	3.09	6.55
Total	50.46	49.79	46.91	147.16

The remuneration has not been broken into the "fixed" and "performance linked incentive" components.

Service Contract :

- (a) Notice period – 12 months Notice from either side or as mutually agreed.

(b) Severance Fees :

In the event of change in the management of the company, due to either, merger, acquisition, amalgamation or restructuring of any kind, and if the new management desires to terminate the contract by giving 12 month notice as per above or the person opts to resigning prematurely within 12 months of change in management, the company undertakes to compensate the incumbent before vacation of office with the equivalent of 3 years remuneration or balance of contract period whichever is lower, including salary and house rent allowance or the last rent paid for a leased accommodation based on the actual remuneration for previous 12 months.

Stock Option Details : Nil**(c) The details of remuneration paid to non-Executive Directors have been given below :**

In view of accumulated loss, the company does not pay any remuneration to non-Executive Directors except sitting fees for attending the meetings of the Board of Directors or the Committees thereof. The details of sitting fees paid during the year ended 31st March, 2011 are as under :

Name of the Director	Amount of Sitting Fee (Rs.)
Shri D.N. Bhandari	35,000
Shri B.C. Srivastava	30,000
Dr. K.C. Varshney	35,000
Shri Arun Sharma	25,000
Shri K. Balasubramanian	15,000
Shri Dhananjay Lodha	15,000
TOTAL	1,55,000

(d) Non-Executive Directors of the Company do not hold any share/convertible instruments of the Company except Mr. D.N. Bhandari who holds 176 shares allotted to him on consolidation of fractional entitlements of shareholders in terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court.**(vi) Management**

A Management Discussion and Analysis Report containing details in the prescribed areas has been incorporated in the Directors' Report as ANNEXURE-4. No member of the Senior Management has during the year under report, entered into any financial and commercial transactions with the Company.

(vii) Shareholders**(a) In case of re-appointment of Directors, the requisite information is provided as under :**

Details of the Directors proposed to be reappointed :

1. Shri Mahendra Lodha

Shri Mahendra Lodha is a practicing Chartered Accountant based at Ahmedabad. He has rich experience and expertise in financial sector like Project Financing etc. He is also a renowned consultant and provides consultancy in various areas in corporate and financial field.

Shri Lodha is on the Board of several companies like Steelco Gujarat Ltd., Arvind Products Ltd. Nitrex Chemicals India Ltd., etc. Besides being on the Board of the companies, Shri Lodha is also associated as Member / Chairman of various committees of the Board of those companies.

2. Shri D.N. Bhandari

Shri D.N. Bhandari born in April, 1934, is a Science Graduate. He has over 40 years of experience of working with the Company and has held various positions including as the head of Plant in the capacity of Technical Director. He specializes in Cement Manufacturing Technology and has a name in Cement Industry.

3. Shri B.C. Srivastava

Shri B.C. Srivastava born in August, 1945 is a Metallurgical Engineer. He worked in various capacities in Steel Authority of India Ltd., Rourkela Steel Plant. He also worked as Sr. Consulting Engineer / Technical Director in a reputed consulting Company, M/s. M.N. Dastur & Co. Ltd., Kolkata posted in Libya. Mr. Srivastava worked as Managing Director, BITCO, Patna and Executive Director, MSL India Ltd. Presently he is an Industrial and Management Consultant. He is on the Board of M/s. Eclat Industries Ltd. and General Sampoon Insurance Co. (P) Ltd. besides being on the Board and the committees of the Board of Directors of the Company.

The Non-Executive Directors do not hold any share in the company except as mentioned at Para 7(v)(d) herein above.

(b) Relationship

Shri Mahendra Lodha is related with Shri Dhananjay Lodha, a Director of the Company. Other Directors proposed to be reappointed are not related with any Director of the company.

- (c) The Quarterly Results and presentations are not sent by the company to the Analysts. The company regularly sends its Quarterly Results to the Stock Exchanges where its shares are listed.
- (d) The Company has formed a Board Committee under Chairmanship of a Non-Executive Independent Director to look into redressal of the shareholders and investors complaints. The Committee is designated as "Share Transfer and Shareholders Grievance Redressal Committee". The constitution of the committee is given at Paragraph No. 5.
- (e) The Board has already formed a committee known as "Share Transfer and Shareholders' Grievance Redressal Committee" for expeditious transfer of shares and the Company expeditiously transfers the shares as and when requests for such transfers are received.
- (viii) There were no occasions of penalty /strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during last 3 years.
- (ix) Whistle Blower Policy is yet to be implemented. However, no person willing to approach Audit Committee has been denied access to the committee.
- (x) Details of Compliance of Code of Corporate Governance are provided in paragraph No. 10 hereof.

8. Means of Communication

- (i) The Company publishes its quarterly results on regular basis.
- (ii) The quarterly results are published in the following Newspapers :-
 - (a) The Financial Express, Kolkata
 - (b) Pratidin, a Bengali Daily, Kolkata
- (iii) The Company does not have a website. Hence it does not display its results on the website.
- (iv) The Company does not display the official news release. In fact, the Company generally does not issue news releases.

- (v) The Company from time to time makes presentation to the State Govt. in relation to its Financial Restructuring Package under consideration of the Govt. of Bihar. The Company does not make any presentation to the Analysts.

9. General Shareholder Information :

- (i) AGM date, time and venue : Saturday, the 24th September, 2011 at 11.30 A.M.
KALYANPUR CEMENTS LIMITED
2 & 3, Dr. Rajendra Prasad Sarani,
(Formerly known as Clive Row)
Kolkata – 700 001.
- (ii) Financial Year : 2010-11
- (iii) Book closure date : 19th September, 2011 to 24th September, 2011
- (iv) Dividend payment date : Since the Company does not have distributable profit, the Board of Directors have not recommended any dividend.
- (v) Listing at Stock Exchange : i) Calcutta Stock Exchange, Kolkata
ii) Bombay Stock Exchange, Mumbai
iii) Magadh Stock Exchange, Patna
- (vi) Stock Code : 21105 – Calcutta Stock Exchange
502150 – Bombay Stock Exchange
- (vii) Market price data : Trading in Company's shares was earlier suspended by Bombay Stock Exchange (BSE). The suspension in trading was revoked by BSE with effect from 1.2.2010 and trading has started in a small way. The market price data of the year 2010-11 is given below :

(Fig. in Rs.)

Month	High	Low
April, 2010	65.85	46.55
May, 2010	44.25	42.05
June, 2010	39.95	30.10
July, 2010	30.00	24.75

- (viii) Performance in comparison to Broad-based indices such as BSE Sensex, CRISIL Index etc. : Since the Company's shares were in suspension at BSE for quite long and suspension has recently been revoked, the trading in shares has started only in a small way and therefore the comparison of Company's shares performance with Broad-based indices like BSE Sensex, CRISIL Index etc. will not be feasible.
- (ix) Registrar & Transfer Agents (RTAs) : Link Intime India (P) Ltd.
59C, Chowringhee Road, 3rd Floor,
Kolkata - - 700 020.
Phone : 033-22890540
Fax : 033-22890539
E-Mail: kolkata@linkintime.co.in

- (x) Share transfer system : In terms of directives of SEBI to have a common agency for registration of transfers under both physical and dematerialised modes, both the transfer functions have been entrusted to the above RTAs.
- (xi) Distribution of shareholding : The distribution is as under :

Distribution of Shareholding Details : The distribution is as under

Sl. No.	No. of Equity Shares	No. of Shareholders	No. of Shares	% of Share holdings
1	Upto 50	648	8845	0.04%
2.	51-100	58	4960	0.02%
3.	101-500	44	10701	0.05%
4.	501-1000	20	15242	0.07%
5.	1001-5000	12	21748	0.10%
6.	5001-10000	1	9730	0.05%
7.	10001-50000	3	64242	0.30%
8.	50001-100000	2	172682	0.81%
9.	100001-500000	1	225128	1.06%
10.	500001 & above	5	20715776	97.50%
	Total	794	21249054	100.00%

Shareholding Pattern :

Particulars of holders	% of Shareholding
Promoters	5.30%
FIs, Banks, State Govt. Enterprises	15.48%
Other Corporate Bodies	79.03%
Public	0.19%
TOTAL	100.00%

- (xii) Dematerialisation of Shares & Liquidity : The Company's shares have been dematerialised by CDSL with ISIN INE991E01022. NSDL has however not provided connectivity so far on the ground that the Company's Net Worth does not meet NSDL's criteria.
- (xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity : NIL
- (xiv) Plant location : P.O. Banjari, Dist. Rohtas, Bihar.

- (xv) Address for correspondence : (i) Head Office :
Maurya Centre, 1-Fraser Road,
Patna-800 001.
- (ii) Registered Office :
2 & 3, Dr. Rajendra Prasad Sarani,
(Formerly known as Clive Row),
Kolkata – 700 001.

10. Report on Corporate Governance**10.1 Mandatory Requirements**

All the mandatory requirements of Clause 49 have been complied with by the company.

10.2 Non-Mandatory Requirements

The extent of compliance of non-mandatory requirements is given below :

- a) The Company has constituted a Remuneration Committee for deciding upon remuneration packages for Executive Directors and for Compliance with the requirements laid down on the subject.
- b) The Company however is yet to comply with other non-mandatory requirements i.e. (i) half yearly communication with the shareholders, (ii) regime of unqualified financial statements, (iii) training of Board members, (iv) mechanism for evaluating non-executive Board members, and (v) whistle blower policy.

11. (i) Compliance Certificate from Auditors : This has been obtained.
- (ii) Any qualification in Auditor's Report : The Auditors have made some qualifications which together with the management replies/explanations have been given in Annexure-1 to the Directors' Report.
12. CEO/CFO Certification : As required under Clause 49 of the listing Agreement, the CEO/CFO certification is provided in the Annual Report.
13. Code of Conduct : Board of Directors have laid down a Code of Conduct for all Board members and senior management of the company. Since the company does not have a website, the code of conduct could not be posted thereon. The Directors and senior members of the Management of the Company have affirmed compliance with the code for the financial year 2010-11. A declaration to this effect by the Managing Director is included in the certificate provided in terms of Para 12 above.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna
Date : 20.05.2011

ANNEXURE TO DIRECTORS' REPORT

**Statement Pursuant to Section 217(1) (e) of the Companies Act, 1956
read with the Companies (Disclosure of Particulars in
the Report of Board of Directors) Rules, 1988.**

A. CONSERVATION OF ENERGY :

- | | |
|--|---|
| (a) Energy Conservation measures taken. | Real time energy monitoring and management system for complete manufacturing process. |
| (b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy. | Additional investment in Kiln sealing systems and coal firing system to reduce coal consumption by upto 10%. |
| (c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production. | Reduction of power consumption by 11 kwh per tonne of cement produced with corresponding reduction in Cost of Production. |

FORM "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	Year ended 31.03.2011			Year ended 31.03.2010		
	Lac units (KWH)	Total Amount (Rs. in Lacs)	Rs. Per unit	Lac units (KWH)	Total Amount (Rs. in Lacs)	Rs. per unit
1. Electricity						
(a) Purchased (BSEB)	600.75	2857.91	4.76	609.36	3366.20	5.52
(b) Own Generation through Diesel Generator	-	-	-	-	-	-
	Year ended 31.03.2011			Year ended 31.03.2010		
	Gross Qnty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./tonne)	Gross Qnty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./tonne)
2. (a) Non-Coking Coal - Long Flame (Grade A / B)	0.81	4624.10	5711.44	0.74	3628.65	4883.37
(b) Pet Coke	0.00	0.00	0.00	0.03	191.12	7303.17
(c) High Speed Diesel	0.00	0.00	0.00	0.23	7.94	34.50
3. Consumption per unit of Production						
	Industry Norm (Dry Process)	Year ended 31.03.2011	Year ended 31.03.2010			
Electricity (KWH / ton Cement)	100-115	79	90			
Coal for Kiln (K. Cal /Kg. Clinker)	750-850	773	785			

FORM "B"**FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO TECHNOLOGY ABSORPTION****Research & Development (R&D)**

1. Specific area in which R&D has been carried out by the Company :
—Test runs of silica blocker in fuel mix to enhance quality of clinker
2. Benefits as a result of the above R&D :
—Reduction of silica content in clinker leading to higher quality of cement
3. Future plan of action :
— Production run with silica blocker in fuel mix

4. Expenditure on R&D	Rs. in Lacs
a) Capital	-
b) Recurring	5.67
c) Total	5.67
d) Total R&D Expenditure as percentage of total turnover (%)	0.02%

FOREIGN EXCHANGE EARNING AND OUTGO :

	Rs. in Lacs
1. Foreign Exchange Earned	Nil
2. Foreign Exchange Outgo	126.62

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna

Dated : 20th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

1. *Industry Structure and Developments*

Indian Cement Industry made rapid progress particularly after withdrawal of licensing in 1991 and stands today as the second largest cement producer in the world with capacity of 274 million tonnes per annum as on 31st March, 2011. Led by the real estate boom and Govt. spending on infrastructure, demand for cement during the period 2004-05 till 2008-09 grew at a CAGR of 9.23% even while capacity addition was limited to CAGR of 5.6%, an outcome of weak financial position of Cement Companies on account of surpluses in the system during the preceding years. With capacity addition limited and demand continuing to grow, supply constraints surfaced and Cement Industry operated at near capacity levels in 2006-07 at 96%. Increased pricing power of the Industry led to healthy growth in profitability from 2005 till 2009. Encouraged by improved economic outlook, buoyant demand conditions and strong profits, the Industry embarked on capacity enhancement. 108 million tonnes were added in a short period of 4 years from 2007 till 2011, which was equivalent to the capacity added in preceding 15 years. With infrastructure spending slowing down, with major road projects nearing completion and other large projects like Commonwealth games village complex having been completed, demand was inadequate to absorb the additional quantities. This gradually pulled down capacity utilization levels to 75% in 2010-11 and put realizations and margins under severe pressure. As around 50% of the new capacities were added in the Southern region, the last couple of years have seen substantial movement of cement from Southern region to Eastern region including Bihar, in spite of the high freight cost, taking the number of players in the Bihar region from 26 in 2008-09 to 42 in 2010-11.

2.0 *Opportunities and Threats*

2.1 *Opportunities*

Indian economy returned to 9% growth level and is predicted to further grow at 9% in 2011-12. Of particular significance in terms of its potential to impact rural income and improve consumption, has been the recovery in Agricultural sector, which grew by 5.4%. Infrastructure spending which accounts for 7.8% of GDP in India is still low compared to 15% in China and accordingly this is sought to be increased during the 12th Plan period with proposed spending of 1 Trillion dollars. In the current year's budget, the allocation has been hiked by 23% to Rs. 2,14,000 crores. In order to garner resources for the massive spending programme, it is proposed to tap increased FDI, for which the FII limit for investment in 5-year infrastructure bonds, has been hiked to 25 billion dollars from the earlier limit of 5 billion dollars. Govt. bodies like Railways and NHAI have been allowed to raise tax free bonds upto Rs. 30,000 crores for financing its infrastructure projects. All this is likely to result in higher spending on infrastructure and improve demand for cement.

2.2 *Threats*

Faced with the twin threats of high cost and falling realization, a very challenging period lies ahead of the Cement Industry at least in short term. With falling realisation, Cement Industry will be forced to absorb cost increase of 100% in price of high grade coal, the highest ever hike, as well as increase in Excise duty on Cement, which will erode Industry's margins further. As around 50% of the capacity additions, have been in the Southern region, the coming period will see increased movement of cement into Eastern region from South. In the absence of adequate demand, Cement prices and capacity utilization of the Industry are expected to further decline in the short-term affecting the Industry's profitability.

3.0 *Segmentwise / productwise performance*

The Company is a single product manufacturer and there is no other product segment. Since 90% of its product is marketed in Bihar, it has virtually only one geographical segment.

4.0 Outlook

Poor infrastructure is seen a drag on India's economy. The estimated loss in GDP on account of infrastructural inadequacy, worked out by Mckinsey is 200 billion dollars. In order to take the economy to double digit growth trajectory, India has to raise the level of investment, which is 7.8% of GDP compared to 15% of China. Hence, infrastructural development continues to remain the key focus area of the Govt. With the Govt. having already planned an outlay of 1 trillion dollars on infrastructure during the 12th plan period, and the allocation for the current year hiked by 23%, the medium and long term outlook for cement is bright. However, cement industry is expected to experience tremendous downward pressure on capacity utilization and prices in short term.

With addition of 94 million tonnes of capacity in 3 years from 2007-08 till 2009-10, capacity addition has slowed down in 2010-11, with only 11.70 million tonnes added during the year. Hence the supply pressures should start easing up from 2012-13.

The bumper food grain harvest in 2010-11 should boost rural income and keep food inflation under check. This should result in channelisation of savings into construction activity from next year.

5.0 Risks and concerns

Should cement manufacturers continue with their plans for capacity addition, recovery in capacity utilization and cement prices may get further delayed.

6.0 Internal Control Systems and their adequacy

The Company has adequate internal control systems which are reviewed by the Management and the Auditors through quarterly audit of various areas of Company's operations to ensure that the systems are being properly complied with and transparency is maintained. The observations of the Auditors alongwith Company's replies are placed before the Audit Committee of the Directors on regular basis for reviewing their adequacy. Moreover, the company is in the process of modernizing its information system through installation of a new ERP.

7.0 Financial performance with respect to operational performance

The Plant is fully geared to operate at 90% capacity on sustained basis, as evident from the performance in the final quarter of 2010-11, with 103% capacity utilization in Clinker and 90% in cement. Efforts to improve Plant operation are continuing on an ongoing basis and a major maintenance programme has been scheduled in the month of July'11, after which plant efficiency and productivity is expected to further improve. However, inspite of achieving the highest ever production level, the Company is facing severe pressure on its margins on account of fall in cement prices and increased input cost, which is resulting into losses and severe working capital constraints.

8.0 Material developments in Human Resources / Industrial Relations front, including number of people employed

In order to achieve full utilisation of equipment and inculcate proper operation and maintenance practices, the Company's personnel are exposed to latest ideas and concepts through various in-house as well as external training programmes of reputed Institutes, as far as possible. Interactions amongst plant personnel on a daily basis also improve sensitivity about the plant, which helps in better identification of plant problems and their resolutions and also in identifying areas of cost reduction. The Industrial Relations remained cordial during the year under report. The Company employed 1129 persons during the year.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna

Dated : 20th May, 2011

Date : 20th May, 2011

CERTIFICATE

To the Members of
KALYANPUR CEMENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by KALYANPUR CEMENTS LIMITED, for the period ended on 31 March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us :

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance(s) is pending against the company as per the records maintained by the Shareholder/ Investors' Grievance Committee.

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

For and on behalf of
M. MUKERJEE & CO.
Chartered Accountants

(Spandan Sengupta)
Partner
Membership No.135833
FRN No. 303013E

20th May, 2011

To

The Board of Directors
Kalyanpur Cements Limited
2&3, Dr. Rajendra Prasad Sarani
Kolkata-700 001

Dear Sirs,

Sub : CEO/CFO Certification in terms of Clause 49 of Listing Agreement.

We hereby certify that we have reviewed the Balance Sheet, Profit & Loss Account, Schedules annexed to the Balance Sheet and Profit & Loss Account and Cash Flow Statement of the Company for the year ended 31st March, 2011 and to the best of our knowledge and belief, we declare that

- 1.1 The Statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- 1.2 These Statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 1.3 There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's Code of Conduct. The Directors as well as Senior Member of Management have also affirmed compliance with the Code of Conduct.
- 1.4 We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and that we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 1.5 We have indicated to the Auditors and the Audit Committee
 - (a) Significant changes in the Internal Control over financial reporting during the year.
 - (b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2011.

For KALYANPUR CEMENTS LIMITED.

(SHAIENDRA P. SINHA)
MANAGING DIRECTOR

(P.K. CHAUBEY)
PRESIDENT (FINANCE)
& CO. SECY.

KALYANPUR CEMENTS LIMITED
2 & 3, DR. RAJENDRA PRASAD SARANI, KOLKATA-700 001

REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of KALYANPUR CEMENTS LIMITED as at 31 March, 2011 and also the annexed Profit and Loss Account 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.

1. 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 misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 of the said Order.
3.
 - i) As stated in Para B 1.1 and B 1.2 of Schedule 16, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as the financial implication, if not resolved as anticipated, have been explained by the Management in the said notes.
 - ii) As stated in Para B 1.3 of Schedule 16, the claims of Cement Regulation Account are disputed.
 - iii) As stated in Para B 1.5 of Schedule 16, sales tax liability amounting to Rs. 439.25 lacs (including Rs. 198.27 lacs of penalty and interest) is disputed.
 - iv) In terms of Note B 11 of Schedule 16 to the Accounts, the documents relating to the title of all immovable properties including land at Banjari were deposited with IFCI Limited, which has assigned its loan earlier granted to the Company to ARCIL-Kalyanpur Cements Ltd Trust. Although documents and papers relating to the title of immovable properties could not be produced before us for our verification we were assured that the Company enjoyed peaceful possession of the said immovable properties.
 - v) As stated in Part B 4.0 of Schedule-16, the Company has written back the Sales tax amount of Rs. 8754.71 lacs shown as liability in the financial year 2009-10 pursuant to the order of the Hon'ble Supreme Court and subsequently in the DRS circulated by BIFR. This has the effect of reducing the accumulated loss and the liabilities as on 31.03.2011.
 - vi) Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs. 1734.49 lacs for the year and write back of Sales Tax dues of Rs.8754.71 lacs amount to Rs. 18448.84 lacs against the capital and reserve of Rs. 4836.54 lacs which leaves a negative

networth of Rs.13612.30 lacs. In view of this negative networth, ability of the Company to continue as a going concern is dependent upon the Company's performance after the scheme of compromise. Reference may be made to Clause No. (x) of Annexure of Auditors Report read with Note B13 of Schedule 16 to the Accounts.

4. Subject to Para 3(i) to 3(iv) above and further to our comments in the Annexure referred to in Paragraph 2 above, we report that
- i) 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.
 - ii) 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.
 - iii) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion and subject to our comments in Para 3(i) to 3(iv) the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of Section 211 of Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March, 11 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 11 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) 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 give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of Balance Sheet of the state of affairs of the Company as at 31 March, 2011.
 - b. In the case of the Profit and Loss Account of the loss for the year ended on that date and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

24, Netaji Subhas Road
Kolkata-700 001
Camp – Patna
20th May, 2011

M. MUKERJEE & CO.
Chartered Accountants

(SPANDAN SENGUPTA)
Partner
Membership No : 135833
FRN 303013E

ANNEXURE TO AUDITOR'S REPORT

- (i) According to the information and as explained to us :
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and material discrepancies, if any, have been properly dealt with in the books of account.
 - c) No substantial part of the fixed assets has been disposed off during the year.
- (ii) According to the information and as explained to us :
- a) Physical verification of inventory has been conducted at reasonable intervals by the management.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company did not grant any loan to Companies, firms or other parties covered under section 301 of the Act for which register has been maintained.
- (iv) According to the information and as explained to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Company reviews and monitors the internal control procedures and weaknesses of major importance which are addressed promptly.
- (v) According to the information and as explained to us :
- a) The particulars of contracts or arrangements referred in section 301 of the Act have been so entered in the Register required to be maintained under that section.
 - b) Transactions made in pursuance of such contracts or arrangements including those which are above Rs. 5 lacs per party per annum have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and as explained to us, the Company has not accepted deposits from the public as defined in Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
- (vii) According to the information and as explained to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company is required to maintain cost records in respect of clinker and cement production. We have broadly reviewed the books and prima facie it appears to us that the books and records are maintained. We have, however, not made a detailed examination of the books to ascertain if they are correctly maintained.
- (ix) **According to information and as explained to us, barring few exceptions, the Company generally 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, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2011 in respect of dues over six months are as below :-

- a) Sales Tax (Retained) - Rs. 2040.16⁷ lacs

Granted by State Government as per Industrial Policy 1989.

As per information and explanation received, the sales tax dues upto 30.09.02 have been stayed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide the order dated 20.09.2002. Such dues would be ordered to be recovered as per the Rehabilitation Scheme to be finalized by BIFR. In addition, BIFR, in the DRS circulated by it, has provided for payment of these dues in instalments.

- b) Royalty on Limestone - Rs. 466.28 lacs

As per information and explanation received, BIFR, in its DRS, has provided for payment of these dues in instalments.

- c) Cement Regulation Account - Rs.208.23

The above dues of Cement Regulation Account have been challenged in Delhi High Court.

All the dues except at (c) above are undisputed.

- (x) According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made Cash Loss in the current financial year but cash Profit in the immediately preceding financial year.
- (xi) There has been no default in payments made to financial institutions, banks and debenture holders during the year.
- (xii) According to the information and as explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and as explained to us, provisions of any special statute applicable to chit fund are not applicable to this company.
- (xiv) According to the information and as explained to us, the Company is not dealing or trading in shares, securities, debentures and other investment.
- (xv) According to the information and as explained to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) According to the information and as explained to us, the Company has not taken term loan during the year.
- (xvii) According to the information and as explained to us, funds raised for short-term basis have not been used for long-term investment.

- (xviii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) According to the information and as explained to us, the Company has not raised any money by public issue during the year.
- (xxi) According to the information and as explained to us, no fraud on or by the Company came either to the notice of the Company or to us.

M. MUKERJEE & CO.
Chartered Accountants

24, Netaji Subhas Road
Kolkata-700 001
Camp – Patna
20th May, 2011

(SPANDAN SENGUPTA)
Partner
Membership No : 135833
FRN 303013E

BALANCE SHEET AS AT 31st MARCH, 2011

(Rupees in Lacs)

	Schedule No.	As at 31st March, 2011		As at 31st March, 2010	
SOURCES OF FUNDS					
1. Shareholders' funds					
(a) Capital	1	2,787.14		2,787.14	
(b) Reserves & Surplus	2	2,049.40	4,836.54	2,049.40	4,836.54
2. Loan Funds					
a) Secured Loans	3	12,400.53		15,204.43	
b) Unsecured Loans	4	10,513.80	22,914.33	16,891.24	32,095.67
Total Sources of Funds			27,750.87		36,932.21
APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	28,792.35		27,598.37	
b) Less : Depreciation		19,927.17		18,575.92	
c) Net Block		8,865.18		9,022.45	
d) Capital Work-in-Progress		190.83	9,056.01	69.46	9,091.91
2. Investments	6		0.00		0.00
3. Current Assets, Loans & Advances					
a) Current Assets	7	4,302.33		5,238.82	
b) Loans & Advances	8	1,435.57		2,436.21	
		5,737.90		7,675.03	
Less : Current Liabilities & Provisions	9	5,548.15		5,369.24	
Net Current Assets			189.75		2,305.79
4. Miscellaneous Expenditure (To the extent not written off or adjusted) Deferred Revenue Expenditure			56.27		65.45
5. Profit & Loss Account Balance at Debit			18,448.84		25,469.06
Total Application of Funds			27,750.87		36,932.21

Accounting Policies & Notes on Accounts

16

This is the Balance Sheet referred to in our report of even date.

 24, Netaji Subhas Road
 Kolkata-700 001
 Camp : Patna
 Date : 20 May, 2011

M. MUKERJEE & CO.
 Spandan Sengupta
Partner
CHARTERED ACCOUNTANTS
 MEMBERSHIP NO. 135833
 Firm Registration No. 303013E

P. K. Chaubey
PRESIDENT (FINANCE) &
COMPANY SECRETARY
Satyadeva P. Sinha
EXECUTIVE CHAIRMAN
Shailendra P. Sinha
MANAGING DIRECTOR
B.C. Srivastava
DIRECTOR

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

(Rupees in Lacs)

	Schedule No.	2010-11 For the year ended 31st March, 2011		2009-10 For the year ended 31st March, 2010	
INCOME					
Sales	10	26,889.67		25,704.03	
Less : Excise Duty Paid		3,270.48	23,619.19	2,612.79	23,091.24
Miscellaneous Income	11		137.72		152.82
Total Income			23,756.91		23,244.06
EXPENDITURE					
Manufacturing Expenses	12		16,309.96		13,729.97
Variation in Stocks	13		(510.06)		(281.72)
Salaries, Wages & Welfare Expenses	14		3,065.36		2,970.37
Freight & Selling Expenses			4,310.12		4,045.41
Other Expenses	15		635.59		651.90
Interest :					
On Fixed Loans		58.50		58.50	
On Other Accounts		241.29	299.79	189.83	248.33
Deferred Revenue Expenditure - Written Off.			29.38		27.00
Depreciation			1,351.26		1,356.41
Fringe Benefit Tax			0.00		5.77
Profit/(Loss) for the year carried down			(1,734.49)		490.62
Total Expenditure			23,756.91		23,244.06
Profit/(Loss) for the year brought down			(1,734.49)		490.62
Sales Tax reversed			0.00		(8,754.71)
Write back of Sales Tax Dues (Note No. B4 of Schedule-16)			8,754.71		1,207.11
Debit balance as per last Account			(25,469.06)		(18,412.08)
Profit/(Loss) carried to Balance Sheet			(18,448.84)		(25,469.06)

Accounting Policies & Notes on Accounts

16

This is the Profit & Loss Account referred
to in our report of even date.

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 20 May, 2011

M. MUKERJEE & CO.
Spandan Sengupta
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 135833
Firm Registration No. 303013E

P. K. Chaubey
**PRESIDENT (FINANCE) &
COMPANY SECRETARY**

B.C. Srivastava
DIRECTOR

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**SCHEDULE - 1**

(Rupees in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SHARE CAPITAL		
Authorised Capital		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
2,00,82,351 Unclassified Preference Share of Rs. 10/- each	2,008.24	2,008.24
Equity Shares		
7,00,00,000 Equity Shares of Rs. 10/- each	7,000.00	7,000.00
Total Authorised Capital	9,670.00	9,670.00
ISSUED & SUBSCRIBED CAPITAL		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
Equity Shares		
21,249,054 Equity Shares of Rs. 10/- each	2,124.91	2,124.91
Total Issued & Subscribed Capital	2,786.67	2,786.67
PAID-UP CAPITAL		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
Equity Shares		
21,249,054 Equity Shares of Rs. 10/- each	2,124.91	2,124.91
Add: Equity Shares Forfeited Account	0.47	0.47
Total Paid-up Capital	2,787.14	2,787.14

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**SCHEDULE - 2**

(Rupees in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
RESERVES AND SURPLUS		
Capital Reserves	0.11	0.11
Share Premium Account	2,049.29	2,049.29
Total Reserves & Surplus	2,049.40	2,049.40

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 3

(Rupees in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SECURED LOANS :		
1. (i) Arcil - Kalyanpur Cements Ltd. Trust & (ii) Arcil - KCL - II Trust Tranche I of the Debts.	2,175.00	3,425.00
2. Non-Convertible Debentures		
(i) Vivid Colors Pvt. Ltd.	9,203.85	10,426.85
(ii) Industrial Investment Bank of India Limited	110.52	190.92
(iii) Allahabad Bank	178.79	309.29
3. Other Secured Loans		
IFCI Ltd. as Nodal Agency for Excise Loan from Govt. of India	732.37	852.37
Total Secured Loans	12,400.53	15,204.43

Notes :

- All the above loans have been secured by creating first charge by way of mortgage on all the immovable properties of the Company coupled with hypothecation of all its movable properties in favour of Secured lenders. The Non-Convertible Debentures (NCDs) have been secured by creating mortgage on land at Chimur, District Chandrapur, Maharashtra, in favour of Debenture Trustees namely IDBI Trusteeship Services Ltd., Mumbai besides other immovable properties as above.
- Loans from Allahabad Bank were secured by creating a first charge by way of hypothecation of Current Assets in favour of the Bank and also by creating a second charge by way of mortgage and/or hypothecation on fixed assets and Machinery / Stores to cover to the extent of Rs. 309.29 lacs for prior year and Rs. 178.79 lacs for current year consequent upon approval of Scheme of Compromise by Calcutta High Court.
- All the above secured loans have been guaranteed to the full extent by Sri Satyadeva Prakash Sinha and Sri Shailendra Prakash Sinha.
- As per Scheme of Compromise, no separate interest is payable on the above secured loans.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 4

(Rupees in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
UNSECURED LOANS		
Other Loans & Advances – Includes interest– Rs. 8.68 lacs (Previous Year– Rs. 8.97 lacs) on Security Deposits.	10,513.80	16,891.24
Total Unsecured Loans	10,513.80	16,891.24

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5

(Rupees in Lacs)

FIXED ASSETS

Sl. No.	Description of Assets	Gross Block				Depreciation				Net Block	
		Cost upto 31 March 2010	Additions during Year 2010-11	Sold or Discarded during Year 2010-11	Cost upto 31 March 2011	Depreciation upto 31 March 2010	Adjustment of depreciation on Sold / Discarded Assets 2010-11	Provision for depreciation 2010-11	Total depreciation upto 31 March 2011 (5-6+7)	As on 31 March 2011	As on 31 March, 2010
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Land	4.07	0.00	0.00	4.07	0.00	0.00	0.00	0.00	4.07	4.07
2.	Quarry Development	1,605.21	0.00	0.00	1,605.21	884.57	0.00	72.16	956.73	648.48	720.64
3.	Plant & Machinery	22,656.12	1,167.10	0.00	23,823.22	15,895.79	0.00	1,157.36	17,053.15	6,770.07	6,760.33
4.	New Building Factory	1,729.43	0.27	0.00	1,729.70	862.03	0.00	55.45	917.48	812.22	867.40
5.	New Building Non-Factory	446.68	0.00	0.00	446.68	112.19	0.00	7.13	119.32	327.36	334.49
6.	Railway Siding	659.70	6.10	0.00	665.80	477.77	0.00	34.72	512.49	153.31	181.93
7.	Furniture & Fittings	32.87	11.95	0.00	44.82	26.49	0.00	1.20	27.69	17.13	6.38
8.	Motor Cars	65.19	0.00	0.00	65.19	15.61	0.00	5.61	21.22	43.97	49.58
9.	Roads & Bridges	10.36	0.00	0.00	10.36	9.83	0.00	0.00	9.83	0.53	0.53
10.	Office Equipments	256.50	6.93	0.00	263.43	195.97	0.00	9.73	205.70	57.73	60.53
11.	Electrical Equipments	127.99	0.00	0.00	127.99	93.77	0.00	6.37	100.14	27.85	34.22
12.	Software	4.25	1.63	0.00	5.88	1.90	0.00	1.52	3.42	2.46	2.35
	TOTAL	27,598.37	1,193.98	0.00	28,792.35	18,575.92	0.00	1,351.25	19,927.17	8,865.18	9,022.45
	Figures for Previous Year	27,284.86	313.51	0.00	27,598.37	17,219.51	0.00	1,356.11	18,575.92	9,022.45	

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE OF INVESTMENTS

SCHEDULE - 6

(Rupees in Lacs)

Sl. No.	PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
	CURRENT INVESTMENTS (UNQUOTED) (at Cost or Market Value whichever is lower) Financial Investment	tr.	tr.
	MUTUAL FUND :		
1	FT India Life Stage Fund of Funds – The 50s Plus Floating Rate Plan	0.00	0.00
2	ABN AMRO Flexi Debt Fund	0.00	0.00
3	LIC MF Floating Rate Fund.	0.00	0.00
		0.00	0.00

(tr. Indicates value less than Rs. 005 Lacs)

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**SCHEDULE - 7**

(Rupees in Lacs)

	As at 31st March, 2011		As at 31st March, 2010	
CURRENT ASSETS				
A) INVENTORIES				
(As certified by the Management)				
1. Stores (at average cost or net realisable value, whichever is lower)	1,552.21		2,638.82	
Less: Provision for non-moving stores	70.00	1,482.21	70.00	2,568.82
2. Stock-in-trade (at lower of cost or market value since realised)		431.47		469.41
3. Raw Materials (at average cost or net realisable value, whichever is lower)		1,016.96		234.98
4. Work-in-Progress (at average cost or net realisable value, whichever is lower)		310.30		488.46
Total Inventories		3,240.94		3,761.67
B) SUNDRY DEBTORS				
1. Debts outstanding for a period exceeding 6 months (Considered Good)	147.66		44.69	
2. Other Debts (Considered Good)	259.62	407.28	339.71	384.40
C) CASH & BANK BALANCES				
1. Cash-in-hand including cheques & drafts amounting to Rs. 80.22 Lacs (Previous Year Rs. 414.07 Lacs) as certified by Management	90.27		461.80	
2. (i) With Scheduled Banks on Current Accounts	157.78		211.13	
(ii) With Scheduled Banks on Term Deposit Account	406.06	654.11	419.82	1,092.75
Total Current Assets		4,302.33		5,238.82

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8

(Rupees in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
LOANS AND ADVANCES		
1. Security Deposits and Deposits for Sales Tax	31.90	19.51
2. Union Excise Duty Advance & Service Tax Receivable	80.79	243.55
3. Advance Recoverable in cash or in kind or for value to be received (Note No. B23 of Schedule 16)	1,380.00	2,228.71
Less: Provision for Doubtful loans & advances	57.12	55.56
	1,322.88	2,173.15
Total Loans & Advances	1,435.57	2,436.21

Particulars of Sundry Debtors and Loans and Advances

(Rupees in Lacs)

	A Sundry Debtors	B Loans & Advances
1. Considered good and in respect of which the company is fully secured	8.92 (19.44)	0.00 0.00
2. Considered good and in respect of which the company holds no security other than Debtors personal security	398.36 (364.96)	1,435.57 (2,436.21)
3. (a) Considered doubtful	-	57.12 (55.56)
(b) Considered bad	-	-
	-	(-)
	407.28 (384.40)	1,492.69 (2,491.77)
4. Due by Directors or other Officers of the Company or any of them either severally or jointly with any other person or due by firms or Private Companies respectively in which any Director is a partner or a Director or a Member.	- (-)	15.14 (13.67)
5. Maximum Amount due at any time during the year out of dues at Sl. No. 4 above.	- (-)	15.14 (13.67)
6. Debts due from any Company under the same Management.	- (-)	- (-)
7. Maximum Amount due at any time during the year out of dues at Sl. No. 6 above.	- (-)	- (-)

Note : Figures in brackets denote previous year position.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**SCHEDULE - 9**

(Rupees in Lacs)

	As at 31st March, 2011		As at 31st March, 2010	
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1.0 Sundry Creditors				
i) Sundry Creditors-Micro and Small Enterprises (Note No. B20 of Schedule - 16)	17.10		11.42	
ii) Sundry Creditors-Others	<u>2,439.85</u>	2,456.95	<u>1,984.76</u>	1,996.18
2.0 Statutory Liabilities payable during one year		188.00		919.87
3.0 Other Liabilities		1,300.93		989.38
4.0 Total Current Liabilities		3,945.88		3,905.43
B. PROVISIONS				
i) Accrued Leave Liability	259.15		184.66	
ii) Accrued Gratuity Liability	1,343.12	1,602.27	1,279.15	1,463.81
Total Current Liabilities & Provisions		5,548.15		5,369.24

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE - 10**

(Rupees in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SALES		
(Note No. B6 of Schedule - 16)	26,889.67	25,704.03
Total Sales	26,889.67	25,704.03

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - 11

(Rupees in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
MISCELLANEOUS INCOME		
1. Rent	1.84	1.79
2. Interest		
(i) On Fixed Deposit – Banks (including TDS Rs. 2.74 lac Current Year. Prev. Year Rs. 6.78 lac)	24.42	36.06
(ii) Income from other Investments - Mutual Funds	0.00	8.96
3. Credit Balances Written back	55.84	49.64
4. Miscellaneous	55.62	56.37
Total Miscellaneous Income	137.72	152.82

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - 12

(Rupees in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
MANUFACTURING EXPENSES		
Raw Materials Consumed :		
Gypsum	618.52	593.86
Fly Ash	2,472.74	1,424.98
Magnetite	358.74	274.71
Carbon Black	0.00	1.87
Limestone	6.71	177.33
Pozzolana	9.41	12.95
	3,466.12	2,485.70
Freight & Transport Charges	133.24	125.33
Royalty & Cess	564.50	343.80
Consumption of Stores Spare & Consumable	1,034.22	695.01
Consumption of Packing Materials	1,019.49	833.05
Power & Fuel	7,482.01	7,193.91
Mining Equipment Handling Charges	2,275.23	1,067.23
Repairs & Maintenance :		
Building	0.00	2.65
Machinery	137.30	889.14
Others	197.85	94.15
	335.15	985.94
Total Manufacturing Expenses	16,309.96	13,729.97

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE - 13**

(Rupees in Lacs)

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
VARIANCE IN STOCKS				
Closing Stocks :				
Materials-in-process	310.31		488.46	
Finished goods	<u>431.47</u>	741.78	<u>469.41</u>	957.87
Opening Stocks :				
Materials-in-process	488.46		98.54	
Finished goods	469.41	957.87	306.30	404.84
		216.09		(553.03)
Limestone :				
Closing Stocks :	816.99		90.84	
Opening Stocks :	90.84	(726.15)	362.15	271.31
Total Variation in Stocks		(510.06)		(281.72)

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE - 14**

(Rupees in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SALARIES, WAGES, WELFARE EXPENSES ETC.		
Salaries, Wages & Bonus	2,180.83	2,008.90
Directors' Salary & Benefits	140.61	113.30
Contribution to Provident & Other Funds (including Rs. 6.55 lac for Director's provident fund- Prev. Year Rs. 5.04 lac)	282.99	233.35
Workmen & Staff Welfare Expenses	460.93	614.82
Total Salary & Wages	3,065.36	2,970.37

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - 15

(Rupees in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
OTHER EXPENSES		
Rent	59.74	49.45
Rates & Taxes	2.48	1.28
Insurance	27.86	27.96
Auditors' Remuneration :		
For Auditing Annual Accounts (Financial)	2.00	2.00
For Auditing Annual Accounts (Cost)	0.25	0.25
For Other Fees including Tax Audit and Review of Quarterly Accounts	2.25	2.60
For Expenses re-imbursed	2.18	1.77
Legal Expenses	29.24	60.00
Printing, Stationery & Advertisement	17.38	16.59
Postage, Telegram, Telephone & Lighting	29.25	26.09
Travelling & Motor Car Expenses	148.13	150.00
Miscellaneous Expenses	143.88	114.70
Bank Charges & Commission	30.50	34.55
Directors' Fee for Board Meeting	1.55	2.15
Research Fees	5.67	5.07
NCD Issue Expenses	0.00	26.01
Commission on Sales	90.99	99.56
Consultation Fees & Expenses	42.24	31.87
Total Other Expenses	635.59	651.90

KALYANPUR CEMENTS LIMITED
SCHEDULE ANNEXED TO & FORMING PART OF
THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011.

SCHEDULE – 16

A. ACCOUNTING POLICIES

The Financial Statements of Kalyanpur Cements Ltd. have been prepared on accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The Management makes reasonable estimates and assumptions which help prepare the accounts giving true and fair view of the financial position of the Company. The significant accounting policies are described as below :

1. The accounts have been drawn-up on the basis of historical cost. Impact of changing prices have not been given either in the accounts or in the notes thereto.
2. Depreciation, on historical cost is calculated on straight line method in terms of Section 205 (2)(b) read with Section 350 and Schedule XIV of the Companies Act, 1956. In respect of sale/disposal of fixed assets during the year, no depreciation is provided.
3. The carrying amounts of fixed assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the impairment loss is recognized wherever the carrying amount of an assets exceeds its estimated recoverable amount. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.
4. Current liabilities not discharged in past twelve months and not likely to be met in next twelve months are classified as Unsecured Loan as given in "glossary of terms" issued by The Institute of Chartered Accountants of India.
5. Stock of Raw Materials, Work-in-Progress and Stores and Spares have been valued at cost or net realizable value, whichever is lower. Stock of Naked Cement and Packed Cement have been valued at the lower of cost or net realisable value.
6. Retirement benefits in the form of Gratuity and Leave are determined on actuarial basis at the end of the year.
7. Fixed assets are valued at historical cost less depreciation.
8. Contingent Liabilities as disclosed, have not been provided for. Other liabilities are accounted for in the year in which the same are determined.
9. **Revenue Recognition**

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

Sales of Goods : Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns and sales tax.

Interest : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Dividend : Revenue is recognised when the right to receive is established.

10. Expenses are recognised on accrual basis.
11. Transactions involving foreign exchange are translated into Rupee on the basis of prevailing exchange rates on the date of transaction. Impact of difference in exchange rate is accounted for in the year in which the transactions are finally determined.
12. Occurrences of events after the Balance Sheet date and having material effect on the revenue statements of the year under review have been considered in drawing-up the accounts.
13. Company's accounts are being maintained on going concern basis.
14. The expenditure on Voluntary Retirement Scheme (VRS), the benefit of which is expected to accrue in future years also is treated as Deferred Revenue Expenditure and is written off, over the period of five years.

B. CONTINGENT LIABILITIES AND NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011.

1.0 Contingent Liabilities :

- 1.1 **In respect of 33KV power connection:** Prior to August'93 whereafter the company started drawing power on 132 KV line consequent upon enhancement in contract demand from 10.5 MVA to 15.0 MVA, the company used to draw power on 33 KV line. In respect of the power supplied by BSEB through 33 KV line, there were some disputes between the company and BSEB on account of difference between the enhanced tariff claimed by BSEB and the tariff admitted by the company for the period upto 31.03.1994. The total amount under dispute aggregated to Rs. 336.53 lacs against which the company advanced Rs. 272.85 lacs till 31.12.1982 under the Court Order.

According to an agreement between the company and BSEB dated 30.06.1986, a Retired Judge of Patna High Court was appointed as "Arbitrator Sole" to settle the disputes between BSEB and the company and submit his Award. While the arbitration proceedings were in progress, the "Arbitrator Sole" died and the new Arbitrator was to be appointed. However, even though the arbitration proceedings were in progress and unfortunately the "Arbitrator Sole" died, an Award, allegedly signed by the Arbitrator, was filed by BSEB in the Civil Court, Patna for making the same the Rule of the Court. Under the situation, the company has not accepted the award and has challenged its veracity.

- 1.2 **Other disputes in respect of 33 KV and 132 KV lines :** The company had been representing before BSEB for resolving various disputes and after reconciliation of accounts between the company as well as BSEB, the dues payable by the company were determined as Rs. 40.75 Crs as on 31st March, 2008. The said amount included Rs. 27.10 Crs towards AMG/MMG/DPS. The company was eligible for relief in respect of Rs. 27.10 Crs as pursuant to Industrial Incentive Policy, 2006 a sick unit was exempted from payment of AMG/MMG/DPS for a period of five years from the date of sickness and therefore the company's actual liability was Rs. 13.65 Crs.

However, at the time of issuing the corrected Energy Bill, BSEB wrongly levied DPS of Rs. 6.27 Crs on the ground that since the dues were reconciled as on 31st March, 2008, the company was liable to pay the said amount soon after reconciliation and since the same was not paid, the company was liable to pay DPS thereon. The Company's argument that DPS cannot be levied in terms of the Tariff Order till the revised Energy Bill was issued was not accepted by BSEB and the company, under duress, had to agree to pay the DPS amount

of Rs. 6.27 Crs to avoid disconnection of the electricity line. Aggrieved by the order of BSEB to pay the DPS amount of Rs. 6.27 Crs even though the Energy Bill after reconciliation had not been issued, the company has approached the Hon'ble Patna High Court. Therefore, the company has not provided for the DPS amount of Rs. 6.27 Crs and the same is being paid as a part of the total dues in monthly installments.

In addition, BSEB has levied Fuel Surcharge @69 paise/kwh for the period Jan-Sep'09 and @99 paise/ kwh for the period Dec'10 to Feb'11 aggregating Rs. 4.50 Crs which has not been accepted by majority of the High Tension Consumers of the State and several Writ petitions have been filed in the Hon'ble Patna High Court. The Company has also filed a Writ petition. It is expected that the Company will get relief from the Hon'ble Court and accordingly the same, having not been admitted as liability, has not been provided for in the accounts.

- 1.3 CRA Account :** *The interest on outstanding amount of Rs.208.23 lacs amounting to Rs. 593.56 lacs (Previous Year Rs. 562.33 lacs) as on 31.03.2011 has not been provided. The Company has approached the appropriate authority for waiver of principal and interest. Further, the Company has disputed in the Delhi High Court the demand raised by the Ministry of Industry against the Company in this respect. The Company has raised the dispute in respect of the entire claim and prayed for waiver of the same. The case is now pending at the said Hon'ble Court and also at Lok Adalat. The Hon'ble Delhi High Court has however directed that in view of the reference of the company remaining pending before BIFR, the suit for recovery cannot be proceeded with.*
- 1.4 Unexecuted Capital Commitments :** Estimated amount of Contracts remaining to be executed on Capital Account and not provided for amount to Rs. 135.10 lacs (Previous Year Rs. 175.08 lacs).
- 1.5 Interest & Penalty on Sales Tax Dues :** Disputed Liabilities under Sales Tax amounting to Rs. 439.25 lacs include Rs.198.27 lacs on account of interest and penalty on deferred amount of Sales Tax in respect of which the appeals have been filed in appropriate courts. Moreover, in view of the remand of the matter by the Hon'ble Supreme Court to the Hon'ble Patna High Court and subsequent disposal of the case by the Hon'ble Patna High Court, the said amount of Rs. 198.27 lacs towards Interest and Penalty may not be payable to a substantial extent. However, the deferred sales tax dues, although earlier stayed by BIFR are being paid as per the Draft Rehabilitation Scheme(DRS). For the remaining amount of Rs. 240.98 lacs also, the Company has filed appeals in the appropriate courts. Moreover, the DRS circulated by BIFR to various stakeholders including the Govt. of Bihar provides for waiver of interest and penalty, if any, on sales tax dues.
- 1.6 Cumulative Dividend on Preference Shares :** On approval of the scheme of compromise by the Hon'ble Calcutta High Court, the Preference share capital was reduced by 85%. The Preference shares, after reduction of the share capital have face value of Rs. 15/- each. The said Preference shares carry a coupon rate of 0.1%. The cumulative dividend on such shares with effect from the date of approval of the scheme of compromise i.e. 21st November, 2006 till 31st March'11 amounted to Rs. 2.88 lacs.
- 1.7 Counter-guarantees given by the Company :** Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs.132.24 lacs (Previous Year Rs.141.68 Lacs).
- 2.0 Redemption of Preference Shares:** In terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court, the Preference shares were to be redeemed in three annual installments i.e. 2009-10, 2010-11 and 2011-12 @ Rs. 2.21 Crs. every year. The Companies Act, 1956, however, provides that the Preference shares can be redeemed either out of the profit available for distribution of dividend or out of the fresh proceeds of shares issued for the said purpose. Since the company did not either have profit available for distribution of dividend or any fresh proceed of shares, a legal opinion was obtained from M/s. Khaitan & Co., Advocates & Solicitors, Kolkata whether the Preference shares could be redeemed by the company. They have opined that the Preference shares of the company could not be redeemed under the present circumstances.
- 3.0** The Non Convertible Debentures (NCDs) were issued to the Asset Reconstruction Company (India) Ltd. (ARCIL), Allahabad Bank and Industrial Investment Bank of India Ltd. (IIBI) pursuant to the scheme of compromise approved

by Calcutta High Court. Whereas the NCDs issued to Allahabad Bank and IIBI are being redeemed on due dates, the NCDs issued to ARCIL and later transferred to Vivid Colors Pvt. Ltd., the Investors under the scheme of compromise have been rescheduled under an "Agreement dated 3rd February, 2010 and subsequently under the Supplemental Agreement dated 20th December, 2010 between the Company and Vivid Colors Pvt. Ltd."

- 4.0 The appeal filed by the Govt. of Bihar in the Sales Tax exemption matter in the Hon'ble Supreme Court against the order of the Hon'ble Patna High Court, was decided by the Apex Court by dismissing the same and upholding thereby the eligibility of the company for Sales Tax exemption under Industrial Policy, 1995. But the Hon'ble Supreme Court, at the same time, directed the company to refund the amount of Sales Tax to the Govt. of Bihar and accordingly the company reversed the amount of Rs. 87.55 Crs in its Profit & Loss Account for the Financial Year 2009-10 and created liability for the corresponding amount. Subsequent to that, a Draft Rehabilitation Scheme (DRS) was formulated and circulated by Board for Industrial & Financial Reconstruction (BIFR) to the Stakeholders including the Govt. of Bihar. The DRS circulated by BIFR envisages that the benefit of Rs. 87.55 Crs available to the company as per Industrial Policy, 1995 be provided and adjusted against the VAT subsidy under Industrial Incentive Policy, 2006. The said DRS has been considered by the High Powered Committee of the State Government and recommended for approval of the State Cabinet which is expected shortly. In view of the said development, the amount of Rs. 87.55 Crs has been appropriately accounted for in the Profit & Loss Account for the current financial year.
- 5.0 Capital Work in Progress outstanding as on 31.03.2011 amounting to Rs.190.83 lacs (Previous Year Rs. 69.46 lacs) includes Advance to Suppliers nil (Previous Year Nil) and Creditors nil (Previous Year Rs.Nil).

6.0. Capacities, Production, Sales and Stocks :

	2010 - 11		2009 - 10	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
Installed Capacity, Production, Sales & Stocks : Class of Goods - Cement				
i) Installed Capacity	10.00		10.00	
ii) Production	7.61		6.76	
iii) Sales :				
a) Cement	7.62	26889.67	6.72	25704.03
b) Clinker	0.00	0.00	0.00	0.00
iv) Stocks :				
Opening	0.14	469.41	0.10	306.30
Closing	0.12	431.47	0.14	469.41

7.0 Raw materials consumed - Totally Indigenous :

	2010 - 11		2009 -10	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
i) Limestone	6.86	3383.03*	6.41	2211.32*
ii) Gypsum	.20	618.52	.21	593.86
iii) Mill Scale/Iron Ore	.24	358.74	.20	274.71
iv) Fly Ash	2.46	2472.74	2.11	1424.98
v) Pozzolana	.04	9.41	.08	12.95
vi) Limestone Purchase	.01	6.71	.17	177.33
vii) Carbon Black	tr.	0.00	tr.	1.87

* Represents cost incurred for raising limestone consumed and debited to respective revenue accounts.

8.0 (a) Value of imports calculated on CIF basis by the company :

Rs. in Lacs

Components & Spare Parts	200.86	1020.50
--------------------------	--------	---------

- (b) Expenditure in Foreign Currency on account of Royalty & know-how, Professional and Consultation fees; Foreign Travel, Interest & other matters.

11.02 3.73

- (c) Value of Stores, Spare Parts & Components consumed :

i) Indigenous (Rs. in Lacs)	1086.56	1529.14
% of Total Consumption	92.75%	96.53%
ii) Imported (Rs. in Lacs)	84.96	55.00
% of Total Consumption	7.25%	3.47%
iii) Total (Rs. in Lacs)	1171.52	1584.14
% of Total Consumption	100%	100%

Amount remitted during the period in Foreign

Currencies on account of Dividends 0.00 0.00

- (d) Earnings in Foreign Exchange Classified as under :

Rs. in Lacs

	2010-11	2009-10
i) Export of goods valued on FOB basis	0.00	0.00
ii) Royalty, knowhow, Professional & Consultation fees	0.00	0.00
iii) Interest & Dividend	0.00	0.00
iv) Other Income	0.00	0.00

- 9.0 Outstanding statutory dues in respect of which arrangements have been made/ are being made to defer the payment beyond 12 months under Draft Rehabilitation Scheme (DRS) circulated by BIFR and awaiting approval from the Govt. of Bihar and other authorities :

Rs. in Lacs

	2010 -11	2009 -10
i) Cement Regulation Account	208.23	208.23
ii) Sales Tax (Deferred Amount)	2040.16	2190.16
iii) Sales Tax (Exemption Amount)	0.00	8754.71
iv) Royalty & Cess	466.28	316.28

- 10.0 The declaration filed under Urban Land (Ceiling and Regulation) Act,1976 in respect of the Company's holding in excess of the Ceiling prescribed under the Act and the application to retain these lands were made for consideration of the concerned authority. The company at present is contesting a case filed by the Appropriate authority. The court has allowed status quo ante.

- 11.0 Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to ARCIL – Kalyanpur Cements Ltd. Trust.

- 12.0 Rs.412.84 Lacs (Previous Year Rs.343.01 Lacs) due to Suppliers towards supply of Raw Materials and Stores in absence of bills from them, have been accounted for on the basis of Purchase order / estimates.

- 13.0 In view of erosion of its Net Worth, the company was registered with Board for Industrial & Financial Reconstruction (BIFR) as Sick Company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. BIFR had appointed IFCI as Operating Agency (OA) who had been asked to submit a Draft Rehabilitation Scheme to BIFR for consideration. The Draft Rehabilitation Scheme (DRS) has since been circulated by BIFR to various stakeholders. Several Winding-up petitions filed by Creditors have been stayed in view of Company's registration with BIFR.
- 14.0 ARCIL, after assignment of majority of secured loans to them by various Financial Institutions and Banks formulated a scheme of compromise under Section 391 of the Companies Act, 1956 which was submitted to Hon'ble Calcutta High Court for approval. The scheme was approved by Company's shareholders and secured creditors and thereafter by Hon'ble High Court on 21st Nov.'06. The scheme has since been implemented particularly with regard to settlement of the dues of secured lenders and reduction of share capital. The reduced share capital has since been listed with Bombay Stock Exchange (BSE). In addition, the Equity shares issued on preferential basis in favour of ARCIL and the Investors M/s. Vivid Colors Pvt. Ltd. pursuant to the said scheme have also since been listed at BSE.
- 15.0 The Company has cleared total arrear of Provident Fund for which the Installment facility was granted by the Competent Authority. There were no arrears on account of Provident Fund and ESI. The arrear on account of Income Tax Deducted at Source as on 31st March, 2011 amounts to Rs. 24.37 lacs.
- 16.0 Related party disclosures in accordance with the Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

Rs. in Lacs

Sl. No.	Name	Relationship	Name of Transaction	Amount of Transaction		Amount Outstanding as on	
				Current Yr.	Prev. Yr.	31.3.11	31.03.10
1	Bihar Hotels Ltd.	Associate	Deed of Licence	38.69	32.19	6.87	(8.80)
			Purchase of Goods/Services	12.50	10.90		
			Temporary Advance	100.00	0.00		
2	Jenson & Nicholson (India) Ltd.	Associate	Rent	15.89	15.88	2.41	1.20

Notes :

1. No amount has been written off/ written back during the year in respect of debts due from or to the related parties.
2. Figures in brackets denote the amount receivable.

17.0 The Company operates only in one business segment viz cement.

18.0 Earnings per share

	As at 31 st Mar, 2011	As at 31 st Mar, 2010
Net Profit (Loss) for the year-Rs. In Lacs	(1734.49)	490.62
Number of Equity Shares	21249054	21249054
Nominal Value of Equity Share-Rs	10.00	10.00
Basic earnings per share-Rs.	(8.16)	2.31

19.0 Remuneration of Directors

	2010-11 Rs. Lacs	2009-10 Rs. Lacs
i) Salary	84.60	67.88
ii) Other Allowances and benefits	56.01	45.41
iii) Company's Contribution to PF	6.55	5.04
Sub-Total (As per Sch.-14)	147.16	118.33
iv) Director's fees (As per Sch.-15)	1.55	2.15
v) Total	148.71	120.48

- 20.0 The Micro, Small and Medium Enterprises Development Act, 2006 stipulates payment of interest to the "Supplier" defined in the said Act by the buyers. In terms of the said Act, the "Supplier" means a Micro or Small Enterprise which files a Memorandum with any of the five authorities provided therein. The company has sent communications to such parties to ascertain their status regarding filing of Memorandum. No response has, however, been received from the parties following which the company is not in a position to ascertain its statutory liability under the said Act. However, as a measure of abundant precaution, the company has made required provision for interest on dues over 45 days as required under the said Act.
- 21.0 In view of carry forward losses, in drawing up the Accounts, the Company has not considered the impact of deferred tax liability arising out of timing difference. For the same reason Deferred Tax Assets have been ignored.
- 22.0 The Company has claimed from BSEB Rs.2574.25 Lacs (Previous year Rs.2574.25 Lacs) on account of reduction in maximum demand charges, damages to machinery, etc. and loss of profit due to restricted and erratic power supply for the past periods.
- 23.0 Loans and Advances appearing in Schedule 8 comprised the following:

	Rs. In Lacs	
	2010-11	2009-10
1. Advance to Bihar State Electricity Board including Security Deposit	545.87	545.87
2. Advance to suppliers including for Repairs and Replacement items	639.57	1474.26
3. Cenvat receivable including Excise Duty on uncleared goods	80.79	243.55
4. Security Deposits with Govt. agencies and Sales Tax Deptt.	51.01	83.62
5. Advance to Employees	26.59	17.97
6. Others	91.74	70.94
7. Total Loans & Advances	1435.57	2436.21

- 24.0 The Actuarial Valuation of Gratuity and Leave wages has been made as on 31.03.2011. The requisite disclosure

under AS15 is given as under.

The principal assumptions used in actuarial valuation are as below

- Discount rate	8.25%
- Expected rate of return on assets	0.00%
- Expected rate of salary increase	5.0%

	Gratuity	Leave Encashment
Change in present value of obligations		
- Present value of obligations as at 01.04.2010	1279.15	184.66
- Interest cost	105.53	15.23
- Current service cost	64.48	22.73
- Benefits paid	(81.10)	(17.21)
- Actuarial loss/ (Gain) on obligations	<u>(24.94)</u>	<u>53.74</u>
- Present value of obligations as at 31.03.2011	<u>1343.12</u>	<u>259.15</u>
Change in fair value of plan assets	Not Applicable	Not Applicable
Liability recognized in Balance Sheet		
- Present value of obligations as at 31.03.2011	1343.12	259.15
- Fair value of plan assets as at the end of the year	-	-
- Funded status (Deficit)	<u>1343.12</u>	<u>259.15</u>
- Unrecognised Actuarial (Gain) / Loss	-	-
- Net (Liability) recognized in Balance Sheet	<u>1343.12</u>	<u>259.15</u>

25.0 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 61.09 lacs and Rs. 63.70 lacs have been included in the respective value of stocks in Silo, at depots and in transit and recognized separately under Sch. 13 of the Profit & Loss Account in terms of the provisions of the Accounting Standard (AS)-9.

26.0 Figures of the Previous Year have been recast and/or regrouped wherever necessary to bring them in line with the figures of the current year.

Schedules 1 to 9 are the Schedules annexed to and forming part of the Balance Sheet, Schedules 10 to 15 are the Schedules annexed to and forming part of the Profit & Loss Account and Schedule 16 is the Schedule annexed to and forming part of both the Balance Sheet and the Profit & Loss Account and referred to in our report of even date.

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 20 May, 2011

M. MUKERJEE & CO.
Spandan Sengupta
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 135833
Firm Registration No. 303013E

P. K. Chaubey
**PRESIDENT (FINANCE) &
COMPANY SECRETARY**

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details
 Registration No.

0	2	1	-	9	0	8	6
---	---	---	---	---	---	---	---

 State Code

2	1
---	---

 Balance Sheet Date

3	1
---	---

0	3
---	---

1	1
---	---

 Date Month Year

II. Capital raised during the year (Amount in Rs. Lacs) including Share Premium.
 Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

 Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. Position of Mobilisation & Deployment of Funds
 (Amount in Rs. Lacs)

Total Liabilities

2	7	7	5	0	.	8	7
---	---	---	---	---	---	---	---

 Total Assets

2	7	7	5	0	.	8	7
---	---	---	---	---	---	---	---

Sources of Funds: Paid-up Capital

2	7	8	7	.	1	4
---	---	---	---	---	---	---

 Reserves & Surplus

2	0	4	9	.	4	0
---	---	---	---	---	---	---

 Secured Loans

1	2	4	0	0	.	5	3
---	---	---	---	---	---	---	---

 Unsecured Loans

1	0	5	1	3	.	8	0
---	---	---	---	---	---	---	---

Application of Funds: Net Fixed Assets

	9	0	5	6	.	0	1
--	---	---	---	---	---	---	---

 Investments

N	I	L
---	---	---

 Net Current Assets

	1	8	9	.	7	5
--	---	---	---	---	---	---

 Misc. Expenditure

5	6	.	2	7
---	---	---	---	---

 Accumulated Losses

1	8	4	4	8	.	8	4
---	---	---	---	---	---	---	---

IV. Performance of the Company (Amount in Rs. Lacs)

Turnover

2	3	7	5	6	.	9	1
---	---	---	---	---	---	---	---

 Total Expenditure

2	5	4	9	1	.	4	0
---	---	---	---	---	---	---	---

Profit/Loss before Tax

+	-							
-		1	7	3	4	.	4	9

 Profit/Loss after Tax/prior adj.

+	-							
-		1	7	3	4	.	4	9

Earning per Share

-		8	.	1	6
---	--	---	---	---	---

 Dividend

N	I	L
---	---	---

V. Generic Name of the Principal Product of Company

Item Code No. (ITC CODE)

2	5	2	3	.	2	9
---	---	---	---	---	---	---

Product Description

P	O	R	T	L	A	N	D		P	O	Z	Z	O	L	A	N	A		C	E	M	E	N	T
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---

Note: Turnover as indicated at no. IV above includes Miscellaneous Income of Rs. 137.72 Lacs.

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

Rs. In Lacs

Particulars	2010-11 April '10-March '11 Audited	2009-10 April '09-March '10 Audited
CashFlow from Operating Activities :		
Net Profit/(Loss) before Taxation	(1,734.49)	490.62
Adjustments for:		
Interest & Other Financial Charges Provided	299.79	248.33
Depreciation	1,351.26	1,356.41
Write-back of Sales Tax	8,754.71	1,207.11
Write-back of Debts	0.00	0.00
Reversal of Write-back of Sales Tax	0.00	(8,754.71)
Operating Profit/(Loss) before Working Capital Changes :	8.671.27	(5,452.24)
(In)/Decrease in Receivables	(22.88)	(254.83)
(In)/Decrease in Inventories	520.73	(1,583.82)
(In)/Decrease in Loans & Advances	1,000.64	438.52
In/(De)crease in Current Liabilities	178.91	(1,799.97)
Cash Generated from Operating Activities :	1677.40	(3,200.10)
Cashflow from Investing Activities :		
(In)/Decrease in Fixed Assets including Capital WIP	(1,315.36)	(231.28)
Deferred Revenue Expenses.	9.18	16.60
Cashflow from Investing Activities	(1,306.18)	(214.68)
Cashflow from Financing Activities :		
In/(De)crease in Share Capital	0.00	0.00
In/(De)crease in Term loans	0.00	0.00
In/(De)crease in Unsecured Loans	(6,377.44)	10,861.39
(In)/Decrease in Investments	0.00	250.00
Repayment of Debts	(2,803.90)	(1,426.84)
Interest & Other Financial Charges Paid	(299.79)	(248.33)
Net Cashflow from Financing Activities	(9,481.13)	9,436.22
Net In/(De)crease in Cash or Cash Equivalent	(438.64)	569.20
Cash & Bank Balance		
At the beginning of the period	1,092.75	523.55
At the end of the period	654.11	1,092.75

Notes :

- The above Cashflow Statement has been prepared under the Indirect Method as set out in the Accounting Standard-3.
- Cash includes Bank Balance and cheques in hand.
- Current year's figure have been re-arranged wherever necessary.

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

P. K. Chaubey
PRESIDENT (FINANCE)-&
COMPANY SECRETARY

Auditor's Certificate

We have examined the above cash flow statement with the Balance Sheet & Profit & Loss A/c for the year ending on 31st March, 2011 and 31st March, 2010 and report that the same has been prepared by the company in accordance with the requirements of clause 32 of the Listing Agreement with stock Exchanges and is based on and in agreement with the corresponding Balance Sheet and Profit & Loss account of the company covered by our report of 20th May, 2011.

M . MUKERJEE & CO.

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 20 May, 2011

Spandan Sengupta
PARTNER
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 135833
FRN : 303013E

KALYANPUR CEMENTS LIMITED

REGISTERED OFFICE

**2 & 3, Dr. Rajendra Prasad Sarani
Kolkata – 700 001.**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventyfirst Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 2 & 3 Dr. Rajendra Prasad Sarani, Kolkata-700 001 on Saturday, the 24th September, 2011 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ending on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mahendra Lodha, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri D. N. Bhandari, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri B. C. Srivastava, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof :

"Resolved that M/s. M. Mukerjee & Co., Chartered Accountants, 24, Netaji Subhas Road, Kolkata – 700 001, the retiring Auditors of the Company be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company on such remuneration and terms & conditions as may be determined by the Board of Directors."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s) the following Resolutions.

AS ORDINARY RESOLUTION

RESOLUTION NO. 2011/AGM/ORD-01

RESOLVED THAT Shri Bimla Nand Jha who was appointed as an additional director with effect from 29th July, 2011 in the meeting of the Board of Directors of the company held on that date and who holds office as such additional director till the next Annual General Meeting of the company and in respect of whose appointment the notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Bimla Nand Jha as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company and the period of his office is liable to determination by retirement of Directors by rotation.

AS SPECIAL RESOLUTIONS**RESOLUTION NO. 2011/AGM/SPL-01**

RESOLVED that pursuant to the provisions of Section 310 read with Schedule XIII as amended of the Companies Act, 1956 and other applicable provisions, if any, of that Act and subject to approval of the Central Government, if required, approval of the Company be and is hereby accorded to the increase in remuneration payable to Shri Satyadeva Prakash Sinha, a Wholetime Director of the Company, designated as Executive Chairman as contained in Table-A provided in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that Shri Satyadeva Prakash Sinha, a Whole-Time Director designated as Executive Chairman be paid the increased remuneration of Rs. 55.55 lacs per annum as detailed in Table-A provided in the Explanatory Statement hereto as Minimum Remuneration in the event of absence or inadequacy of profit.

RESOLUTION NO. 2011/AGM/SPL-02

RESOLVED that pursuant to the provisions of Section 310 read with Schedule XIII as amended of the Companies Act, 1956 and other applicable provisions, if any, of that Act, and subject to approval of the Central Government, if required, approval of the Company be and is hereby accorded to the increase in remuneration payable to Shri Shailendra Prakash Sinha, the Managing Director of the Company as contained in Table-B provided in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that Shri Shailendra Prakash Sinha, the Managing Director be paid the increased remuneration of Rs. 57.35 lacs per annum as detailed in Table-B provided in the Explanatory Statement hereto as Minimum Remuneration in the event of absence or inadequacy of profit.

RESOLUTION NO. 2011/AGM/SPL-03

RESOLVED that pursuant to the provisions of Section 310 read with Schedule XIII as amended of the Companies Act, 1956 and other applicable provisions, if any, of that Act, and subject to approval of the Central Government, if required, approval of the Company be and is hereby accorded to the increase in remuneration payable to Shri Anant Prakash Sinha, the Joint Managing Director of the Company as contained in Table-C provided in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that Shri Anant Prakash Sinha, the Joint Managing Director be paid the increased remuneration of Rs. 53.02 lacs per annum as detailed in Table-C provided in the Explanatory Statement hereto as Minimum Remuneration in the event of absence or inadequacy of profit.

By Order of the Board
For Kalyanpur Cements Limited

KOLKATA
Date: 22.08.2011

P. K. Chaubey
President (Finance) &
Company Secretary

- Notes : (1) *A member, entitled to attend and vote at this meeting may appoint a Proxy to attend and, on a poll being demanded, vote in his stead. A proxy need not be a member of the Company. The Proxy duly stamped and executed should be deposited at the Registered Office of the Company at least Fortyeight Hours before the time fixed for commencement of the meeting. Members/Proxies should bring duly filled Attendance Slips sent herewith to attend the Meeting.*
- (2) Members are requested to bring their copies of the Annual Report, as copies of the Report will not be re-distributed at the Meeting.
- (3) The members are requested to register their Email IDs with the Company to enable sending soft copies of the Annual Report to those willing to receive the same. This is in keeping with the global concern to save environment and as per green initiative undertaken by the Ministry of Corporate Affairs, Govt. of India. The members who desire to receive the printed copy of the Annual Report will continue to receive the same.
- (4) The Register of Members and the Share Transfer Register of the Company will remain closed from 19th Sept. 2011 to 24th Sept. 2011 (both days inclusive).
- (5) Members are requested to inform the Company of any change in their address immediately so as to enable the Company to send any future communication at their correct address.
- (6) Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
- (7) The Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) to facilitate investors to dematerialize their shares. The Company has not been admitted by National Securities Depository Ltd. (NSDL).
- (8) The address of the Company's Registrars and Share Transfer Agents is given below for the sake of convenience of Shareholders.
- Link Intime India Pvt. Ltd.,
59 C, Chowringhee Road, 3rd Floor
Kolkata-700 020
Phone : 033-22890540
Fax : 033-22890539
E.mail : kolkata@linkintime.co.in
- (9) The particulars in respect of Shri Bimla Nand Jha who has been appointed as an Additional Director and whose appointment is to be approved by the Shareholders in this meeting have been given in Explanatory Statement annexed hereto. The particulars pertaining to the Directors proposed to be reappointed in this meeting and as required to be given in terms of Clause 49 of the Listing Agreement are as under :

Details of the Directors proposed to be reappointed :

1. Shri Mahendra Lodha
Shri Mahendra Lodha, born in August, 1956 is a practicing Chartered Accountant based at Ahmedabad. He was appointed on the Board with effect from 23rd Feb., 2007. He has rich experience and expertise in financial sector like Project Financing etc. He is also a renowned consultant and provides consultancy in various areas in corporate and financial field.

Shri Lodha is on the Board of several companies like Steelco Gujarat Ltd., Arvind Products Ltd., Nitrex Chemicals India Ltd. etc. Besides being on the Board of various companies, Shri Lodha is also associated as Member / Chairman of committees of the Board of those companies. He does not hold any share in the company.

2. Shri D.N. Bhandari

Shri D.N. Bhandari, born in April, 1934, is a Science Graduate. He has over 40 years of experience of working with the Company and has held various positions including as the head of Plant in the capacity of Technical Director. He was appointed on the Board with effect from 06.07.2002. He specializes in Cement Manufacturing Technology and has a name in Cement Industry. The shareholding details have been provided in the Directors Report.

3. Shri B.C. Srivastava

Shri B.C. Srivastava, born in August, 1945 is a Metallurgical Engineer. He worked in various capacities in Steel Authority of India Ltd., Rourkela Steel Plant. He was appointed on the Board with effect from 06.07.2002. He also worked as Sr. Consulting Engineer / Technical Director in a reputed consulting Company, M/s. M.N. Dastur & Co. Ltd., Kolkata, posted in Libya. Mr. Srivastava worked as Managing Director, BITCO, Patna and Executive Director, MSL India Ltd., Presently he is an Industrial and Management Consultant. He is on the Board of M/s. Eclat Industries Ltd. besides being on the Board and the committees of the Board of Directors of the Company. He does not hold any share in the company.

By Order of the Board
For Kalyanpur Cements Limited

KOLKATA
Date : 22.08.2011

P. K. Chaubey
President (Finance) &
Company Secretary

EXPLANATORY STATEMENT – Pursuant to Section 173 (2) of the Companies Act, 1956

RE : RESOLUTION NO. 2011/AGM/ORD-01

The Board of Directors appointed Shri Bimla Nand Jha as an additional director in its meeting held on 29th July, 2011. Shri Bimla Nand Jha, Director Technical Development, Govt. of Bihar has been nominated by the State Government on the Board of the Company in place of Shri Mahesh Prasad, the earlier State Government nominee. The appointment of Shri Jha is required to be approved by the Shareholders of the Company in this meeting. The Board recommends the above resolution for appointment of Shri Jha as Director of the Company for approval by the Shareholders in the AGM. The brief profile of Shri Bimla Nand Jha pursuant to the requirement of Clause 49 of the Listing Agreement is given below :

Brief Profile of Shri Bimla Nand Jha

Shri Bimla Nand Jha is an Indian Administrative Services (IAS) Officer of the Government of Bihar. Born in 1953, Shri Jha is a Post Graduate in Science and a Law Graduate. He has vast experience of working in different areas / functions of the Govt. of Bihar and has held the positions of District Magistrate of Sitamarhi and Arwal districts of Bihar, besides the position of Special Secretary, Revenue and Land Reforms and Labour Commissioner of the State Government. Presently he is Director Technical Development and Director Industries in the Industry Department of the State Government. He does not hold any share in the company.

RE : RESOLUTIONS AT SL. NOS. (i) 2011/AGM/SPL-01, (ii) 2011/AGM/SPL-02 and (iii) 2011/AGM/SPL-03

The Board of Directors reappointed Shri Satyadeva Prakash Sinha as a Wholtime Director designated as Executive Chairman, Shri Shailendra Prakash Sinha as Managing Director and Shri Anant Prakash Sinha as Joint Managing Director for a period of three years with effect from 23rd February, 2010 as their earlier tenures had ended on 22nd Feb., 2010. The Remuneration Committee, the Board of Directors, the Shareholders and the Central Government have approved their Remuneration. As per the terms of Remuneration approved by the Remuneration Committee, the Board of Directors and the Shareholders, the above Executive Directors are eligible for annual increment, subject to performance to be decided by the Remuneration Committee, not exceeding Rs. 60,000/- per month. The annual increment became due to the above Executive Directors with effect from April, 2011. The Remuneration Committee and the Board of Directors considered and approved the increment/increased salary payable to the above Executive Directors for the Financial Year 2011-12. The details of Remuneration paid to the above Executive Directors before and after the increase are given in the following Tables :

Table-A :

A comparative statement of Remuneration in respect of Shri Satyadeva Prakash Sinha, Executive Chairman (RESOLUTION NO. 2011/AGM/SPL-01)

Particulars	Previous Remuneration approved by the Central Govt. Amount (Rs. in Lacs)	Now Proposed Amount (Rs. in Lacs)	Increase Proposed Amount (Rs. in Lacs)
Basic	30.00	33.00	3.00
HR Allowance @ 60% of Basic	18.00	19.80	1.80
Medical Reimbursement	2.50	2.75	0.25
Total	<u>50.50</u>	<u>55.55</u>	<u>5.05</u>

Shri Satyadeva Prakash Sinha is interested in the Resolution No. 2011/AGM/SPL-01 and Shri Shailendra Prakash Sinha as well as Shri Anant Prakash Sinha being related to Shri Satyadeva Prakash Sinha are also interested in the Resolution. The statement referred to in Clause (iv) of Section-II of Part-II of Schedule-XIII of the Companies Act 1956 is given in Annexure-1 hereto.

Table-B

A comparative statement of Remuneration in respect of Shri Shailendra Prakash Sinha, the Managing Director (RESOLUTION NO. 2011/AGM/SPL-02)

Particulars	Previous Remuneration as approved by the Central Govt. Amount (Rs. in Lacs)	Now Proposed Amount (Rs. in Lacs)	Increase Proposed Amount (Rs. in Lacs)
Basic	28.80	31.80	3.00
HR Allowance @60%of Basic	17.28	19.08	1.80
Provident Fund	3.46	3.82	0.36
Medical Reimbursement	2.40	2.65	0.25
Total	<u>51.94</u>	<u>57.35</u>	<u>5.41</u>

Shri Shailendra Prakash Sinha is interested in the Resolution No. 2011/AGM/SPL-02 and Shri Satyadeva Prakash Sinha, being related to Shri Shailendra Prakash Sinha is also interested in the Resolution. The statement referred to in Clause (iv) of Section-II of Part-II of Schedule-XIII of the Companies Act 1956 is given in Annexure-2 hereto.

Table-C :

A comparative statement of Remuneration in respect of Shri Anant Prakash Sinha, the Joint Managing Director (RESOLUTION NO. 2011/AGM/SPL-03)

Particulars	Previous Remuneration approved by the Central Govt. Amount (Rs. in Lacs)	Now Proposed Amount (Rs. in Lacs)	Increase Proposed Amount (Rs. in Lacs)
Basic	25.80	29.40	3.60
HR Allowance @ 60% of Basic	15.48	17.64	2.16
Provident Fund	3.10	3.53	0.43
Medical Reimbursement	2.15	2.45	0.30
Total	<u>46.53</u>	<u>53.02</u>	<u>6.49</u>

Shri Anant Prakash Sinha is interested in the Resolution No. 2011/AGM/SPL-03 and Shri Satyadeva Prakash Sinha being related to Shri Anant Prakash Sinha is also interested in the Resolution. The statement referred to in Clause (iv) of Section-II of Part-II of Schedule-XIII of the Companies Act 1956 is given in Annexure-3 hereto.

The Board of Directors has also decided that the proposed remunerations payable to Shri Satyadeva Prakash Sinha, Executive Chairman, Shri Shailendra Prakash Sinha, Managing Director and Shri Anant Prakash Sinha, Joint Managing Director respectively would be paid as "Minimum Remuneration" in the event of absence or inadequacy of profit.

The other terms and conditions like (i) Club Membership, (ii) Provision of a car with driver, (iii) Leave, (iv) Telephone, (v) Travelling Expenses and (vi) Corporate Public Relations and entertainment expenses shall remain unaltered.

The Board of Directors recommends the above Resolutions i.e. (i) RESOLUTION NO. 2011/AGM/SPL/01 (ii) RESOLUTION NO. 2011/AGM/SPL/02 & (iii) RESOLUTION NO. 2011/AGM/SPL/03 to the Shareholders for approval.

By Order of the Board
For Kalyanpur Cements Limited

KOLKATA
Date : 22.08.2011

P.K. Chaubey
President (Finance) &
Company Secretary

A statement referred to in Clause C (iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

ANNEXURE-1

A : RE : REMUNERATION PAYABLE TO MR. SATYADEVA PRAKASH SINHA APPOINTED AS WHOLETIME DIRECTOR DESIGNATED AS EXECUTIVE CHAIRMAN (RESOLUTION NO. 2011/AGM/SPL-01)

I. General Information

1. The company is engaged in the business of manufacture and marketing of cement and it presently operates one million ton cement plant in the district .Rohtas, Bihar.
2. The company is a very old company and it commenced commercial production in 1946.
3. Expected date of commencement of activities as per Project approved by Financial Institutions - Not applicable.
4. **Financial Performance** – The company had earlier witnessed severe financial difficulties caused mainly by recession in cement industry and as a result has incurred losses year after year. The company is registered with BIFR as a Sick Unit for its revival, The operations of the company showed improvement in recent years except during the previous Financial Year i.e. 2010-11 when the company incurred loss due to overcapacity built up in cement industry in the country and consequent pressure on cement prices.
5. Since the export market of cement is not attractive, the company at present does not export cement and hence the company does not have any foreign exchange earning.
6. The company at present does not have any foreign investment or a collaborator.

II. Information about the appointee –

1. Background details – Mr. Satyadeva Prakash Sinha is a Graduate from London School of Economics, U.K. He is an industrialist and has over 47 years of industrial experience.
2. Past Remuneration – Mr. Satyadeva Prakash Sinha during the period preceding the proposed increase has drawn the following remuneration :

	Per Month (Rs.)	Annual (Rs.)
(i) Basic Salary	2,50,000	30,00,000
(ii) HRA @ 60%	1,50,000	18,00,000
(iii) Medical Expenses	20,497	2,45,963
(iv) Electricity, Gas etc.	Nil	Nil
(v) Bonus	Nil	Nil
(vi) Stock Option	Nil	Nil
(vii) Pension	Nil	Nil
Total	4,20,497	50,45,963

3. Recognition or Awards – Nothing specific.
4. Job Profile and Suitability – As mentioned above, Mr. Sinha has long experience of managing the industry and he has shouldered the responsibility of Chairman-Cum-Managing Director effectively and was found to be suitable for the responsibilities of managing the company entrusted to him. Mr. Sinha was instrumental in the Asset Reconstruction Company (India) Ltd. (ARCIL) coming forward to help the company revive its operations by arriving at negotiated settlement with various Financial Institutions and Banks whereupon the Scheme of Compromise was approved by the Hon'ble Calcutta High Court paving the way for company's revival.
5. Remuneration Proposed – The details of remuneration proposed to be paid are given in the Explanatory statement to the Notice for the AGM.
6. Comparative Remuneration – The remuneration paid to the incumbents at equivalent level in similar size companies in cement industry is higher than what is proposed in the Resolution placed before the shareholders for approval.
7. Pecuniary Relationship and relationship with Managerial Personnel – Mr. Sinha does not have any pecuniary relationship directly or indirectly with the company. He is related to the two managerial personnel i.e. the Managing Director namely Mr. Shailendra P. Sinha, as his brother and Joint Managing Director Mr. Anant P. Sinha as his father.

III. Other information

1. Reasons of loss or inadequate profit - As mentioned above, due to recession caused by excess capacity build-up in cement industry which lasted for about 7 to 8 years, the company suffered heavy financial losses leading to its registration with BIFR. The company's financial position was also adversely affected to some extent due to (i) non-release of working capital by banks, (ii) denial of incentives due to the company by Govt. of Bihar. The company's operations showed improvement during recent years resulting from improved plant up-keep, better capacity-utilization as well as improvement in cement prices. However, financial performance during the year 2010-11 was not satisfactory due to overcapacity in cement industry and consequent pressure on cement prices despite highest ever cement production by the company.
2. Steps taken or proposed to be taken for improvement –
 - (i) The Asset Reconstruction Company (India) Ltd. (ARCIL) formed under the Companies Act, 1956 and registered with RBI in terms of the provisions of Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interests Act, 2002, acquired substantial portion of the company's debts from various Financial Institutions and Banks. ARCIL took steps for the company's revival and submitted a Financial Restructuring Package to the Govt. of Bihar for grant of various reliefs/concessions from the State Govt. in terms of their Industrial Policy. Later, BIFR circulated the Draft Rehabilitation Scheme (DRS) to all the Stakeholders including the Govt. of Bihar for approval. The State Govt. has since approved the Reliefs and Concessions envisaged in the DRS and now the DRS will be considered by BIFR for approval. The reliefs and concessions being provided by the Govt. of Bihar will greatly help the company revive its operations.
 - (ii) The Hon'ble Calcutta High Court approved a Scheme of Compromise between the company and its Shareholders and Secured Creditors.
 - (iii) As provided in the scheme of compromise, the company has received Rs. 17 crores as Debt and Equity towards (a) completion of overdue repairs and replacements, (b) debottlenecking of sectional capacity imbalances and (c) Voluntary Retirement Scheme for surplus manpower.

3. Expected increase in productivity and profits – The Company's productivity levels substantially improved in last 3-4 years and as a result of the above measures, the company registered the highest ever cement production of 7.61 lac tons i.e.76% capacity utilization during the last financial year and is likely to wipe out its losses in 6th year i.e. 2014-15 and turn its negative net worth into positive in that year of implementation of the package.

IV. **Disclosures**

1. The Remuneration Package of the Managerial Personnel has been fully disclosed in the Explanatory Statement to the Notice for this AGM.
2. The disclosures required to be made in Directors Report under the heading "Corporate Governance" have been made in the Annual Report.

ANNEXURE-2

B: RE: REMUNERATION PAYABLE TO MR. SHAILENDRA PRAKASH SINHA, MANAGING DIRECTOR (RESOLUTION NO. 2011/AGM/SPL-02)

I. **General Information**

Same as given at Sl.No. I of Annexure-I.

II. **Information about appointee**

1. Background details – Mr. Shailendra Prakash Sinha is a Commerce Graduate and a certificate holder in hotel management from Cornell University, USA. He has also undergone a senior Executive programme from Stanford University, USA. He has over 40 years of industrial experience.

He holds directorship in several other companies. Having held the position of President of Bihar Industries Association earlier, President of Patna Chapter of Confederation of Indian Industries (CII) and as member of other Industry Associations / Chamber of Commerce, he has been re-elected as President of Bihar Industries Association for the year 2010-11.

2. Past Remuneration

The following remuneration was paid to Mr. Shailendra Prakash Sinha during the period preceding the proposed increase.

	Per Month (Rs.)	Annual (Rs.)
(i) Basic Salary	2,40,000	28,80,000
(ii) HRA @ 60%	1,44,000	17,28,000
(iii) Medical Expenses	14,077	1,68,929
(iv) Provident Fund	28,800	3,45,600
(v) Bonus	Nil	Nil
(vi) Stock Option	Nil	Nil
(vii) Pension	Nil	Nil
Total	4,26,877	51,22,529

3. Recognition or Awards - Nothing specific.
4. Job Profile and his suitability - Mr. Shailendra P Sinha earlier held the position of Jt. Managing Director, Managing Director and Manager under the Companies Act, 1956. He also earlier held the position of Managing Director of Bihar Hotels Ltd. besides holding directorship of various other companies.

He has been closely associated with day-to-day management of the affairs of the company and handles his responsibilities well. As a result of his able leadership, the performance of the company has significantly improved during last 3-4 years when the plant's capacity utilization improved from 38% in 2004-05 to 76% in 2010-11, the highest ever capacity utilization in the company. The financial results also improved during recent years except in 2010-11 when due to excess capacity built up in cement industry, the financial performance was below expectations. Moreover, Mr. Sinha has contributed significantly in resolving the company's complex problems and as a result of his efforts, the Govt. of Bihar has recently approved reliefs and concessions as envisaged in the Draft Rehabilitation Scheme circulated by BIFR for the Company's revival. He is therefore considered suitable for the responsibilities entrusted to him as Managing Director of the Company.
5. Remuneration Proposed - The proposed remuneration has already been given in the Explanatory statement to the notice for this meeting.
6. Comparative Remuneration - The remuneration paid to the incumbents at equivalent level in similar size companies in cement industry is higher than what is proposed in the Resolution placed before the shareholders for approval.
7. Pecuniary Relationship and relationship with Managerial Personnel - Mr. Shailendra P. Sinha does not have any pecuniary relationship directly or indirectly with the company. He is related to Mr. Satyadeva P. Sinha, the Executive Chairman as his brother.

III. Other information

Same as given at Sl. No. III of Annexure-I.

IV. Disclosures

Same as given at Sl. No. IV of Annexure-I.

ANNEXURE-3

C: RE: REMUNERATION PAYABLE TO MR. ANANT PRAKASH SINHA, JOINT MANAGING DIRECTOR (RESOLUTION NO. 2011/AGM/SPL-03)

I. General Information

Same as given at Sl. No. I of Annexure-1.

II. Information about the appointee

1. Background details - Mr. Anant Prakash Sinha is an Electronic Engineer from Birla Institute of Technology, Ranchi and an MBA from Kellogg Grad School, USA.

He has worked with St. Lawrence Cement Company, Canada and is presently associated with several companies as director. He has over 20 years of experience.

2. Past Remuneration - Mr. Anant Prakash Sinha during the period preceding the proposed increase has drawn the following Remuneration.

	Per Month (Rs.)	Annual (Rs.)
(i) Basic Salary	2,15,000	25,80,000
(ii) HRA @ 60%	1,29,000	15,48,000
(iii) Medical Expenses	8,431	1,01,172
(iv) Electricity, Gas etc.	735	8,824
(v) Provident Fund	25,800	3,09,600
(vi) Stock Option	NIL	NIL
(vii) Pension	NIL	NIL
Total	3,78,966	45,47,596

3. Recognition or Awards Nothing specific
4. Job Profile and his suitability - As mentioned above, Mr. Anant Prakash Sinha is an Electronic Engineer from a renowned technical institute in the country and an MBA from Kellog Grad School, USA. He is specialised in plant operation and oversees the marketing activities of the company. Under his leadership, cement realization and market share of the company have substantially improved. He also has in-depth idea about running and maintenance of various processes and equipments of the plant including taking adequate steps for preventive maintenance.
5. Remuneration proposed - The proposed remuneration has been given in the Explanatory statement to the notice of this AGM.
6. Comparative Remuneration - The remuneration paid to the incumbents at equivalent level in similar size companies in cement industry is higher than what is proposed in the resolution placed before the shareholders for approval.
7. Pecuniary Relationship and relationship with Managerial Personnel - Mr. Anant Prakash Sinha does not have any pecuniary relationship directly or indirectly with the company. He is related to Mr. Satyadeva P. Sinha, the Executive Chairman as his son.

III. Other information

Same as given at Sl. No. III of Annexure-I.

IV. Disclosures

Same as given at Sl. No. IV of Annexure-I.

BY ORDER OF THE BOARD
For KALYANPUR CEMENTS LTD.

KOLKATA
DATE : 22.08.2011

(P. K. CHAUBEY)
PRESIDENT (FIN) & CO. SECY.