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ANNUAL REPORT 2009 – 10

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"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 Mahendra Lodha
Sri Arun Sharma

**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, 2010

The Shareholders,

Your Directors submit herewith their Report together with the audited accounts for the year ended 31st March '2010

1. FINANCIAL RESULTS

	(Rupees in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Total Turnover including other income	23244.06	18,050.68
1. Profit before depreciation, interest, tax and other appropriations	2128.13	425.61
2. Less :		
Loss on Assets discarded	-	1.21
Interest and Finance Charges & Misc. Provisions	248.33	187.83
Excise Duty of Previous Year	-	316.05
Depreciation /deferred revenue expenditure written off	1383.41	1,475.75
Fringe Benefit Tax	5.77	9.27
3. Net Profit / (Loss)	490.62	(1564.50)
4. Write back of Sales Tax and Loan	1207.11	2787.59
5. Sales Tax Reversed	(8754.71)	
6. Loss carried to Balance Sheet	(25469.06)	(18,412.08)

2.0 PRODUCTION

As a result of plant improvement completed by Dec.'09, Clinker and Cement capacity utilization during the year went up to 83% and 68% respectively as against 74% and 60% achieved last year. This was mainly helped by capacity utilization of over 100% in clinker and 85% in Cement during the last quarter of the year.

3.0 FINANCIAL PERFORMANCE

The year 2009 was amongst the most challenging for the Indian economy which saw it successfully emerge out from severe global slowdown coupled with poor agricultural output in the country. Significant improvement in the industrial production during later part of the year helped recovery. Driven by strong growth in Industrial and services sector, GDP growth for 2008-09 is expected to cross 7.2% against 6.7% last year and is projected to register an even higher growth in the current year.

Fresh cement production capacities continued to be added with 25 million tonnes of additional capacity coming on stream during 2008-09, pushing Cement production by 12%. Fiscal stimulus rolled out by the Govt. to combat slowdown, led to consumption growth of 13% during the year. The Company's total income improved to Rs. 232 crores registering an increase of 28% over the previous year.

Improved production coupled with 10% increase in prices and better operating efficiencies, helped the Company to make a turnaround with a net profit of Rs. 4.91 crores against the net loss of Rs. 15.65 crores during 2008-09. However, the reversal of sales tax credit taken earlier based on the Interim Order of the Hon'ble Supreme Court in the Profit and Loss Account, consequent upon the final verdict of the Apex Court in Sales

Tax exemption case had the net effect of increasing the cumulative loss by Rs. 75.48 crores over the cumulative loss of Rs. 184.12 crores as on 31.3.2009.

The Company's reference under Sick Industrial Companies (Special Provisions) Act 1985 is under consideration of the Board for Industrial and Financial Reconstruction (BIFR) and BIFR has since circulated the Draft Rehabilitation Scheme (DRS) for consideration of various Stakeholders. The DRS circulated by BIFR envisages various measures required for reviving the Company.

4.0 FINANCES

The Company continued its efforts to optimize production levels and operating efficiency by carrying out necessary replacements in critical areas of operation. The major installations carried out during the year were Belt Bucket elevator system in the Clinker Roller Press, a new dense phase system for feeding fly ash and ground clinker and a steel silo for storage and feeding fly ash. The Company is in the process of adding a new packer and replacing the old Roller Press in Clinker Grinding Section. Further improvement in production and operating efficiencies are expected to result from the proposed changes.

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, Bombay Stock Exchange and Magadh Stock Exchange. There are no arrears of Annual Listing Fees pending with the Company. The Bombay Stock Exchange has since permitted trading in the shares of 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 31.03.2010.
- 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 profit of the Company for the Year.
- 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 been implemented by the Company and a separate section thereon is included in the Directors' Report as ANNEXURE-2

10.0 DIRECTORS

The Board of Directors appointed Shri. K. Balasubramanian and Shri Dhananjay Lodha as Additional Directors w.e.f. 30.10.2009 and 30.01.2010 respectively. The Shareholders of the company in their meeting held on 8th March, 2010 confirmed their appointment as Directors.

Under Articles 108 & 109 of the Articles of Association of the Company, Shri Mahesh Prasad, Shri Arun Sharma and Dr. K. C. Varshney, directors retire by rotation in this Annual General Meeting and being eligible offer themselves for re-appointment.

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

A statement setting out the particulars regarding employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is enclosed hereto as **ANNEXURE-4**.

14.0 MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been appended to the Report, in terms of the Listing Agreement, as **ANNEXURE-5**.

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 : 29th May, 2010

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 of Schedule 16, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The above disputes as informed by the Company are now nearing resolution as explained in para B 1.1 of Schedule 16.	The Company represented before Bihar State Electricity Board (BSEB) for resolving various billing disputes in connection with 33 KV and 132 KV power connections to the Plant. BSEB has taken steps and reconciled the dues of the company which is subject to approval of the Board of BSEB. The company is hopeful of resolution of all outstanding issues with BSEB in near future and thereafter the corrected bill indicating the actual amount due from the company will be served by BSEB. This has also been explained in detail in para B1.1 of Schedule 16 to the Accounts of the Company.
3(ii) of Auditors' Report	As stated in Para B 1.2 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 1.2 of Schedule 16 to the accounts of the company.
3(iii) of Auditors' Report	As stated in Para B 1.4 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 1.4 of schedule 16 to the Accounts.
3(iv) of Auditors' Report	In terms of Note B 13 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.	This is a statement of fact and the company enjoys peaceful possession of all its immovable properties.

Sl. No.	Remarks	Explanation
3(vi) of Auditors' Report	<p>Without qualifying our opinion, though the accounts have been drawn on going concern concept, profit for the current year was Rs. 490.62 Lacs, which together with net carry forward loss of Rs. 18412.08 Lacs, as increased by reversal of write back of sales tax dues as mentioned in point 3 (v) above amounts to Rs. 25469.06 lacs against the capital and reserve of Rs.4836.54 Lacs leaving a negative networth, of Rs. 20632.52 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 B15 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 Interest, Act, 2002. A Scheme of Compromise under the Companies Act, 1956 between the Company and its share holders 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,2010 in respect of dues over six months are as below :</p> <p>a) Sales Tax (Retained) - Rs. 2190.16 Lacs Granted by State Government as per Industrial Policy 1989.</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> <p>The Draft Rehabilitation Scheme (DRS) circulated by BIFR provides for payment of Rs. 2190.16 lacs in installments. In addition,</p>

Sl. No.	Remarks	Explanation
	<p>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 installments.</p> <p>b) Sales Tax Exemption amount – Rs. 7939.71 lacs. BIFR, in the DRS circulated by it, has provided for payment of these dues in installments</p> <p>c) Royalty on Limestone – Rs. 316.28 Lacs As per information and explanation received, BIFR, in its DRS, has provided for payment of these dues in installments.</p> <p>d) 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 (d) above are undisputed.</p>	<p>DRS also provides for payment of Rs. 500 lacs in 1st year of the Scheme.</p> <p>DRS provides for payment of Rs. 7939.71 lacs in installments besides payment of Rs. 815 lacs in the 1st year of the scheme. Moreover, DRS also envisages grant of VAT Subsidy of Rs. 165.04 crores during the period of the scheme.</p> <p>DRS provides for payment of Royalty dues of Rs. 316.28 lacs in installments 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.</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 installments 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 profit in the current financial year but cash loss 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 network, 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: 29th May, 2010

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 Shalendra 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 (w.e.f. 30.10.2009)	Non-Executive	Independent	-	
11	Shri Dhananjay Lodha (w.e.f. 30.01.2010)	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, 2010 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	Yes
06	Shri B.C. Srivastava	5	5	No
07	Dr. K.C. Varshney	5	5	No
08	Shri Mahendra Lodha	5	2	No
09	Shri Arun Sharma	5	4	No
10	Shri K. Balasubramanian	3	2	No
11	Shri Dhananjay Lodha	2	2	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 Chairman
Shri Satyadeva Prakash Sinha	1	1	1	-
Shri Shailendra Prakash Sinha	3	-	1	-
Shri Anant Prakash Sinha	2	-	-	-
Shri Mahesh Prasad	4	-	-	-
Shri D.N. Bhandari	1	-	1	2
Shri B.C. Srivastava	2	-	1	-
Dr. K.C. Varshney	3	-	1	3
Shri Mahendra Lodha	9	-	5	5
Shri Arun Sharma	1	-	2	-
Shri K. Balasubramanian	1	-	-	-
Shri Dhananjay Lodha	2	-	-	-

The position indicated above includes the Directorship in the Company 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, 2010, the Board of Directors held 5 meetings. These were held on :

Meeting Serial Number	Date	Meeting Serial Number	Date
1	23 rd May, 2009	4	30 th Jan, 2010
2	25 th July, 2009	5	20 th March, 2010
3	30 th Oct., 2009		

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	Member	Non-Executive Independent
03.	Dr. K.C. Varshney	Member	Non-Executive Independent
04.	Shri Arun Sharma	Member	Non-Executive Independent

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 31.3.2010.

- (1) 23rd May, 2009
- (2) 25th July, 2009
- (3) 30th October, 2009
- (4) 30th January, 2010.

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	4	2
3	Dr. K. C. Varshney	4	4
4	Shri Arun Sharma	4	3

(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 :**
- (a) Management discussion and analysis of financial condition and results of operations.
 - (b) Statement of significant related party transactions.
 - (c) Management letters/Letters of Internal Control weaknesses issued by the Statutory Auditors.
 - (d) Internal Audit reports relating to internal control weaknesses.
 - (e) 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
(w.e.f. 23.5.2009) | Non-Executive Independent Director – Member |

During the year under report, the Remuneration Committee held two meetings i.e. on 23rd May, 2009 and 30th Jan., 2010.

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

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 meetings of the Remuneration Committee held as under :

Held on 23.5.2009

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

Held on 30.1.2010

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

(iv) Remuneration Policy

The Company's remuneration policy has been outlined in the "Terms of Reference" of the Remuneration Committee as stated above.

5. Share Transfer and Shareholders' Grievance Redressal Committee :

- | | |
|---|---|
| (i) The Committee comprises the following directors : | |
| (a) Shri D.N. Bhandari | Independent Non-Executive Director –Chairman |
| (b) Shri Satyadeva Prakash Sinha | Executive Director – Member |
| (c) Shri Shailendra Prakash Sinha | Executive Director – Member |
| (ii) Name and designation of compliance officer | P.K. Chaubey
President (Fin) & Co. Secretary |
| (iii) Number of shareholders' complaints received so far | - 7 |
| (iv) Number of complaints not solved to the satisfaction of the shareholders. | - Nil |
| (v) Number of pending complaints | - Nil |

6. General Body meetings

- (i) Location and time where last 3 AGMs were held

Sn	AGM SI.No.	Location	Date	Time
1	69 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	19.9.2009	11.30 A.M.
2	68 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	27.9.2008	11.30 A.M.
3	67 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	25.9.2007	11.30 A.M.

In addition, the company holds Extra-Ordinary General Meetings as and when necessary.

- (ii) The company passed special resolutions under section 224A and Section 81 (1A) of the Companies Act, 1956 in its Annual General Meetings held on 25.9.2007 and 27.9.2008. No special Resolution was passed in the Annual General Meeting held on 19.9.2009.
- (iii) No special resolution was passed during the year 2009-10 through postal ballot.
- (iv) In view of information provided at (iii) above, this is not applicable.
- (v) No special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.
- (vi) Wherever applicable, the procedure laid down in the Companies Act, 1956 for Postal Ballot is followed by the Company.

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-18 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 2009-10 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 Shalendra Prakash Sinha, Managing Director	Shri Anant Prakash Sinha Joint Managing Director	Total
Salary	24.61	23.41	19.87	67.89
Benefits	16.38	15.00	14.03	45.41
Bonus	-	-	-	-
Stock Option	-	-	-	-
Pension	-	-	-	-
Provident Fund	-	2.74	2.30	5.04
Total	40.99	41.15	36.20	118.34

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 month 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' 2010 are as under :

Name of the Director	Amount of Sitting Fee (Rs.)
Shri D.N. Bhandari	45,000
Shri B.C. Srivastava	35,000
Shri Mahendra Lodha	25,000
Dr. K.C. Varshney	55,000
Shri Arun Sharma	40,000
Shri K. Balasubramanian	10,000
Shri Dhananjay Lodha	5,000
TOTAL	2,15,000

- (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-5**. 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 appointment of new Directors or re-appointment of Directors, the requisite information is provided as under:

Details of Directors appointed during the year 2009-10 :

1. **Mr. K. Balasubramanian**

Mr. K. Balasubramanian, 69, is a Mechanical Engineer and is an expert in cement manufacturing. He has over 47 years of experience in cement industry and has worked in reputed cement Companies like Dalmia Cement Ltd. and Chettinad Cement Corporation Ltd., Tamilnadu as well as Rassi Cement Ltd, Andhra Pradesh. He was also associated with the Company i.e. Kalyanpur Cements Ltd. for over 4 years as the head of the plant and later, as Director (Tech.). He left the Company in 1999. He does not hold directorship in any other company. He also does not hold any share of the Company. He is not related to any director of the Company.

2. **Mr. Dhananjay Lodha**

Mr. Dhananjay Lodha, 27, is a Graduate Engineer in Material Science, Engg. and Biomedical Engg. from Carnegie, Mellon, USA and an M.B.A. from Columbia Business School, New York, USA. He is director of Bihar Hotels Ltd. He does not hold any share of the company. He is related to Mr. Mahendra Lodha, Director as his son.

Details of the Directors proposed to be reappointed :

1. **Shri Mahesh Prasad**

Shri Mahesh Prasad is an Engineer and was earlier associated with Steel Authority of India Ltd., Bokaro Steel Plant, Bokaro Steel City for 13 years. He is presently working as Director, Technical Development, Deptt. of Industries, Government of Bihar. He is on the Board of (i) Bihar State Industrial Development Corporation Ltd., (ii) Bihar Small Scale Industrial Development Corporation Ltd. and (iii) Bihar State Chemical and Pharmaceutical Development Corporation Ltd. besides being on the Board of the Company. He does not hold any share of the Company.

2. **Shri Arun Sharma**

Shri Arun Sharma is B.Sc. (Electrical Engineering) and B.E. (Tele-Communication Engineering) besides being an M.B.A. Shri Sharma served Indian Armed Forces as substantive Major during the period 1964-78 and thereafter he worked in the capacity of General Manager with a large group. Thereafter from 1987 to 2007 he held various important positions like those of Managing Director and President / CEO, the last assignment being in the capacity of Managing Director of a US \$ 500 million grass root project for manufacture of Ammonia at Cairo, Egypt. He does not hold any share of the Company. He does not hold directorship in any other Company.

3. **Dr. K.C.Varshney**

Dr. K.C.Varshney is a Chemical Engineer and a Doctorate in Chemical Engineering. He has served Industrial Development Bank of India (IDBI) at various positions and has long experience in development finance. He retired as Executive Director, IDBI.

He holds directorship in (i) Cheema Spintex Ltd. and (ii) Jasch Industries Ltd. besides serving on the committees of the Board of Directors of Jasch Industries Ltd.

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

(b) **Relationship**

None of the directors proposed to be re-appointed is 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 with the "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 Financial Institutions and the State Govt. in relation to its Financial Restructuring Package under consideration of Financial Institutions and the Govt. of Bihar. The company does not make any presentation to the Analysts.

9. **General Shareholder Information :**

- (i) AGM date, time and venue : Tuesday, the 28th September, 2010 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 : 2009-10
- (iii) Book closure date : 21st September, 2010 to 28th September, 2010
- (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 based on such limited trading during Feb & March, 2010, is given below :
- | (Fig in Rs.) | | |
|--------------|-------|-------|
| Month | High | Low |
| Feb., 2010 | 50.00 | 50.00 |
| March, 2010 | 55.10 | 52.50 |
- (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.
(Formerly Intime Spectrum Registry 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	660	8914	0.04%
2.	51-100	40	3124	0.01%
3.	101-500	35	8425	0.04%
4.	501-1000	11	8385	0.04%
5.	1001-5000	7	13198	0.06%
6.	5001-10000	2	16480	0.08%
7.	10001-50000	3	64242	0.30%
8.	50001-100000	2	172682	0.81%
9.	100001-500000	1	236828	1.11%
10.	500001 & above	6	20716776	97.50%
	Total	767	21249054	100.00%

Shareholding Pattern :

Particulars of holders	% of Shareholding
Promoters	5.30
FIs, Banks, State Govt. Enterprises	15.50
Other Corporate Bodies	79.05
Public	0.15
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 : N I L
- (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 2009-10. 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 : 29.05.2010

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. | Use of fly ash activator in cement blend to increase addition of additive in cement mix |
| (b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy. | Real time energy monitoring and management system for complete manufacturing process |
| (c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production. | Approximate reduction of 1.5 KWH per tonne of cement leading to Rs. 7 saving in variable cost. |

FORM "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	Year ended 31.03.2010			Year ended 31.03.2009		
	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)	609.36	3366.20	5.52	571.37	2921.72	5.11
(b) Own Generation through Diesel Generator	-	-	-	-	-	-

	Year ended 31.03.2010			Year ended 31.03.2009		
	Gross Qty. (Lac tones)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./ tonne)	Gross Qty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./ tonne)
2. (a) Non-coking coal - Long Flame (Grade A / B)	0.74	3628.65	4883.37	0.66	2932.56	4443.27
(b) Pet Coke	0.03	191.12	7303.17	0.04	282.66	7066.50
(c) High Speed Diesel	0.23	7.94	34.50	0.05	1.68	33.60

3. Consumption per unit of Production

	Industry Norm (Dry Process)	Year ended 31.03.2010	Year ended 31.03.2009
Electricity (KWH / ton Cement)	100-115	90	96
Coal for Kiln (K. Cal / Kg. Clinker)	750-850	785	805

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	5.07
(c) Total	5.07
(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	529.16

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated : 29th May, 2010

ANNEXURE-4

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Sl No.	Name	Age - Years	Designation & Nature of Duties	Gross Remuneration Received (Rs. in Lacs)	Qualification & Experience (Years)	Date of Commencement of Employment	Particulars of Last Employment
Employed throughout the financial year under review & was in receipt of remuneration in aggregate of net less than Rs. 24,00,000/- p.a.							
1.	Sri S. P. Sinha	69	Executive Chairman -Contractual	40.99	B.Sc. (Econ.) London School of Economics U.K. - 47 years	23.02.07	Manager under the Companies Act 1956 of Jenson & Nicholson (I) Ltd.
2.	Sri Shailendra P. Sinha	60	Managing Director -Contractual	41.15	B. Com., Certificate in Hotel Management, Cornell University, Sr. Executive Programme, Stanford University U.S.A. -40 Years	23.02.07	Chief Executive, Kalyanpur Cements Ltd.
3.	Sri Anant P. Sinha	43	Joint Managing Director -Contractual	36.20	B.E., M.B.A., Kellong Grad School, (USA)- 20 Years	23.02.07	President Jenson & Nicholoso (India) Ltd.

Note : Sri S. P. Sinha, Executive Chairman and Sri Shailendra P. Sinha, Managing Director are related as brothers. Sri Anant P. Sinha, Jt. Managing Director is related as son to Sri S. P. Sinha, the Executive Chairman of the Company.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated : 29 May, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

1. *Industry Structure and developments*

Indian Cement Industry made rapid strides, particularly after withdrawal of licensing in 1991 and stands today as the second largest cement producer in the world with a capacity of 242 million tonnes per annum as on 31st March' 2010. The last three years saw acceleration in capacity addition to cope with the opportunity generated by massive investments in infrastructure development and housing.

2.0 *Opportunities and Threats*

2.1 *Opportunities*

Indian economy which slowed down in 2008-09 with a GDP growth of 6.75% under the impact of global economic slowdown, staged a remarkable recovery in 2009-10. Continued fiscal stimulus and pick up in demand following several development oriented schemes launched by the Union Government and release of 6th Pay Commission arrears to the tune of Rs. 19,000 crores helped push Industrial growth to 16.80% in December' 2009 against a contraction of 0.6% same month last year. Capital goods too recorded a growth of 39% in December' 09, pointing to increased demand for capital goods for investments. Thus despite drop in farm output due to sub normal monsoon, GDP growth is likely to cross 7.20% in 2008-09 and is projected to grow by 8.3% in the current fiscal.

2.2 *Threats*

Infusion of large doses of liquidity into the system through CRR and repo rate cuts coupled with 16% drop in farm output following sub normal monsoon, led to inflationary pressures in the economy. The Govt. has embarked on a Policy of gradual roll back of fiscal stimulus with a view to containing fiscal deficit which, however, may result in demand slow down to some extent. Moreover, with a view to curbing inflation, CRR and repo rates have been marginally increased. Any consequential interest rate hike which may follow, would slow down infrastructure growth and adversely affect demand for cement.

New capacities are being added at a rapid pace, with additional 25 million tonnes coming on stream in a single year over and above 39 million tonnes added in two years. Any slow down in infrastructure development which may result from increase in cost of credit may lead problem of excess supplies adversely affecting the pricing power of the Industry.

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*

Infrastructure development continues to be the centerpiece of Govt. Strategy to achieve double digit GDP growth. A provision of Rs. 1,73,552 crores, accounting for 46% of the total planned outlay, has been made in the current year budget to develop high quality physical infrastructure such as roads, ports, airports and railways. To push the pace of implementation of infrastructure project, the Govt has targeted construction of 20 km of National Highway per day besides making necessary Policy changes. Allocation for road sector has been raised by 13% to Rs. 19,894 crores. The Govt. also plans to raise spending on infrastructure from 6.5% of GDP to 9%

by 2014. The total spending on infrastructure in the 12th plan period will be one trillion \$ compared to 514 billion \$ in the 11th Plan period. All the above measures will ensure that the demand for cement remains high. Moreover, the tax cuts, hike in allocation for NREGA programmes would increase disposable income in the hands of people and encourage demand for goods.

Apart from infrastructure development, the Govt has embarked on a multi pronged strategy to boost agricultural growth and rural incomes. Accordingly, allocation for agriculture has been raised by 27.5%. Higher income levels will spur consumption.

5.0 Risks and concerns

Inflation continues to be a major area of concern particularly the cost of inputs, power etc. Crude prices, which at \$ 87 per barrel is at 18-month high, may further increase, forcing hike in fuel prices which may start an inflationary spiral forcing the Govt. to once again resort to monetary tightening, which in turn will increase the cost of credit for infrastructure projects and discourage spending. As already discussed earlier, another potential area of concern is the risk of supplies outstripping demand keeping in view the accelerated pace of capacity addition as well as the eventuality of infrastructure development slowing down.

6.0 Internal Control Systems and their adequacy

The Company has adequate internal control systems which are reviewed by the Management and the Internal 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 ongoing capital expenditure of the Company aimed at debottlenecking the plant's sectional capacity imbalances showed positive results with capacity utilization in Clinker and cement in the last quarter of the year increasing to 100% and 85% respectively. The remaining key areas of debottlenecking are being attended in the current year which will further strengthen plant operation and improve plant efficiencies. Improved plant operation translated into positive working results for the Company, which made a turnaround with a net profit from operations in 2009-10.

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 1145 persons during the year.

On behalf of the Board
Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated : 29.05.2010

M. MUKERJEE & CO.
Chartered Accountants

CERTIFICATE

To the Members of
KALYANPUR CEMENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by KALYANPUR CEMENTS LIMITED, for the year ended on 31 March, 2010, 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 such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

(Rana Chatterjee)
Partner

Membership No. 053209
FRN 303013E

Place: Patna
Date: 29.05.2010

29th May, 2010

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, 2010 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 the Senior Members of the 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 a policy of disclosing to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we become aware and the steps we take or propose to take to rectify such deficiencies.
- 1.5 We have indicated to the Auditors and the Audit Committee that
 - (a) There were no significant changes in the internal Control over financial reporting during the year.
 - (b) No significant changes in accounting policies during the year have taken place.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2010.

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, 2010 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 of Schedule 16, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections.

The above disputes as informed by the Company are now nearing resolution as explained in para B 1.1 of Schedule 16.

- (ii) As stated in Para B 1.2 of Schedule 16, the claims of Cement Regulation Account are disputed.
- (iii) As stated in para B 1.4 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 13 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) Pursuant to the Bihar Government's Notification SO No 174 dated 18th Oct'04 granting sales tax exemption for a period of five years, an amount equivalent to Rs 1207.11 Lacs for the year upto 17th October, 2009 was written back in the books of accounts of the company as on 31st March'10. (previous year Rs 7547.60 Lacs). However the Hon'ble Supreme Court has dismissed the appeal of Bihar Government thereby upholding the eligibility of the Company for sales tax exemption under the Industrial Policy, 1995. But the Supreme Court has also ordered the company to pay the sales tax to the Government of Bihar which was exempted earlier as aforesaid for five years. Hence the entire amount of Rs 8754.71 lacs written back since five years upto 17th Oct' 2009 have been reversed by the Company and provided as liability in the current year which has the effect of increasing the accumulated losses to the extent mentioned in Para B 4 of Schedule 16 to the Accounts.

- (vi) Without qualifying our opinion, though the accounts have been drawn on going concern concept, profit for the current year was Rs. 490.62 Lacs, which together with net carry forward loss of Rs. 18412.08 Lacs, as increased by reversal of write back of sales tax dues as mentioned in point 3 (v) above amounts to Rs. 25469.06 Lacs against the capital and reserve of Rs. 4836.54 Lacs leaving a negative networth, of Rs. 20632.52 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 B15 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 and 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(v) 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, 10 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March' 10 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, 2010.
 - b. In the case of the Profit and Loss Account, of the profit 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
29th May, 2010

M. MUKERJEE & CO.
Chartered Accountants

(RANA CHATTERJEE)
Partner
Membership No : 53209
Firm Registration No. 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 lakhs 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, 2010 in respect of dues over six months are as below :-**
- (a) **Sales Tax (Retained) - Rs. 2190.16 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 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 installments.

(b) Sales Tax Exemption amount - Rs. 7939.71 Lacs

BIFR, in the DRS circulated by it, has provided for payment of these dues in installments.

(c) Royalty on Limestone - Rs. 316.28 Lacs

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

(d) 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 (d) 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 Profit in the current financial year but cash loss 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.

24, Netaji Subhas Road
Kolkata-700 001
Camp - Patna
29th May, 2010

(RANA CHATTERJEE)
Partner
Chartered Accountants
Membership No : 53209
Firm Registration No. 303013E

BALANCE SHEET AS AT 31st MARCH, 2010

(Rupees in Lacs)

	Schedule No.	As at 31st March, 2010		As at 31st March, 2009	
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	15,204.43		16,631.27	
b) Unsecured Loans	4	13,151.14	28,355.57	6,029.85	22,661.12
Total Sources of Funds			33,192.11		27,497.66
APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	27,598.37		27,284.86	
b) Less : Depreciation		18,575.92		17,219.51	
c) Net Block		9,022.45		10,065.35	
d) Capital Work-in-Progress		69.46	9,091.91	151.69	10,217.04
2. Investments	6		0.00		250.00
3. Current Assets, Loans & Advances					
a) Current Assets	7	5,238.82		2,830.97	
b) Loans & Advances	8	2,436.21		2,874.73	
		7,675.03		5,705.70	
Less : Current Liabilities & Provisions	9	9,109.34		7,169.21	
Net Current Assets			(1,434.31)		(1,463.51)
4. Miscellaneous Expenditure (To the extent not written off or adjusted) Deferred Revenue Expenditure			65.45		82.05
5. Profit & Loss Account					
Balance at Debit			25,469.06		18,412.08
Total Application of Funds			33,192.11		27,497.66

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 : 29 May, 2010

M. MUKERJEE & CO.
Rana Chatterjee
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 53209

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

D. N. Bhandari
DIRECTOR

Firm Registration No. 303013E

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Rupees in Lacs)

	Schedule No.	2009-10 For the year ended 31st March, 2010		2008-09 For the year ended 31st March, 2009	
INCOME					
Sales	10	25,704.03		20,447.30	
Less : Excise Duty Paid		2,612.79	23,091.24	2,463.12	17,984.18
Miscellaneous Income	11		152.82		66.50
Total Income			23,244.06		18,050.68
EXPENDITURE					
Manufacturing Expenses	12		13,729.97		10,857.27
Variation in Stocks	13		(281.72)		(8.35)
Salaries, Wages & Welfare Expenses	14		2,970.37		2,384.21
Freight & Selling Expenses			4,045.41		3,811.64
Other Expenses	15		651.90		580.30
Excise Duty (Previous Year)			0.00		316.05
Loss on Assets Discarded			0.00		1.21
Interest :					
On Fixed Loans		58.50		79.00	
On Other Accounts		189.83	248.33	108.83	187.83
Deferred Revenue Expenditure - Written Off.			27.00		20.32
Depreciation			1,356.41		1,455.43
Fringe Benefit Tax (Note B-7 of Schedule-16)			5.77		9.27
Profit/(Loss) for the Year carried down			490.62		(1,564.50)
Total Expenditure			23,244.06		18,050.68
Profit/(Loss) for the year brought down			490.62		(1,564.50)
Sales Tax reversed (Note No. B4 of Schedule-16)			(8,754.71)		
Write back of Debts as per Settlement			0.00		566.32
Write back of Sales Tax Dues (Note No. B4 of Schedule-16)			1,207.11		2,221.27
Debit balance as per last Account			(18,412.08)		(19,635.17)
Profit/(Loss) carried to Balance Sheet			(25,469.06)		(18,412.08)

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

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 29 May, 2010

M. MUKERJEE & CO.
Rana Chatterjee
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 53209
Firm Registration No. 303013E

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

Shailendra P. Sinha
MANAGING DIRECTOR

D. N. Bhandari
DIRECTOR

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
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, 2010	As at 31st March, 2009
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, 2010	As at 31st March, 2009
SECURED LOANS :		
1. i) Arcil - Kalyanpur Cements Ltd. Trust & ii) Arcil - KCL - II Trust Tranche I of the Debts.	3,425.00	3,930.00
2. Non-Convertible Debentures		
(i) Vivid Colors Pvt. Ltd.	10,426.85	11,003.10
(ii) Industrial Investment Bank of India Limited	190.92	277.00
(iii) Allahabad Bank	309.29	448.80
3. Other Secured Loans		
IFCI Ltd. as Nodal Agency for Excise Loan from Govt. of India	852.37	972.37
Total Secured Loans	15,204.43	16,631.27

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. 448.80 Lacs for prior year and Rs. 309.29 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, 2010	As at 31st March, 2009
UNSECURED LOANS		
Other Loans & Advances - Includes interest - Rs. 8.97 lacs (Previous Year - Rs. 9.20 lacs) on Security Deposits.	13,151.14	6,029.85
Total Unsecured Loans	13,151.14	6,029.85

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 2009	Additions during Year 2009-10	Sold or Discarded during Year 2009-10	Cost upto 31 March 2010	Depreciation upto 31 March 2009	Adjustment of depreciation on Sold/ Discarded Assets 2009-10	Provision for depreciation 2009-10	Total depreciation upto 31 March 2010 (5-6+7)	As on 31 March 2010	As on 31 March 2009
		(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	812.41	0.00	72.16	884.57	720.64	792.80
3.	Plant & Machinery	22,380.49	275.63	0.00	22,656.12	14,730.31	0.00	1,165.48	15,895.79	6,760.33	7,650.18
4.	New Building Factory	1,729.35	0.08	0.00	1,729.43	806.44	0.00	55.59	862.03	867.40	922.91
5.	New Building Non-Factory	442.93	3.75	0.00	446.68	105.08	0.00	7.11	112.19	334.49	337.85
6.	Railway Siding	659.70	0.00	0.00	659.70	443.06	0.00	34.71	477.77	181.93	216.64
7.	Furniture & Fittings	32.57	0.30	0.00	32.87	25.66	0.00	0.83	26.49	6.38	6.91
8.	Motor Cars	45.38	19.81	0.00	65.19	11.41	0.00	4.20	15.61	49.58	33.97
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	242.68	13.82	0.00	256.50	187.72	0.00	8.25	195.97	60.53	54.96
11.	Electrical Equipments	127.99	0.00	0.00	127.99	87.01	0.00	6.76	93.77	34.22	40.98
12.	Software	4.13	0.12	0.00	4.25	0.58	0.00	1.32	1.90	2.35	3.55
	TOTAL	27,284.86	313.51	0.00	27,598.37	17,219.51	0.00	1,356.41	18,575.92	9,022.45	10,065.35
	Figures for Previous Year	26,219.24	1,494.64	429.02	27,284.86	16,189.29	425.21	1,455.43	17,219.51	10,065.35	

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, 2010	As at 31st March, 2009
	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	50.00
2.	ABN AMRO Flexi Debt Fund	0.00	100.00
3.	LIC MF Floating Rate Fund	0.00	100.00
		0.00	250.00

(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, 2010	As at 31st March, 2009
CURRENT ASSETS		
A) INVENTORIES		
(As certified by the Management)		
1. Stores (at average cost or net realisable value, whichever is lower)	2,638.82	1,407.32
Less: Provision for non-moving stores	70.00	70.00
	2,568.82	1,337.32
2. Stock-in-trade (at lower of cost or market value since realised)	469.41	306.30
3. Raw Materials (at average cost or net realisable value, whichever is lower)	234.98	435.69
4. Work-in-Progress (at average cost or net realisable value, whichever is lower)	488.46	98.54
Total Inventories	3,761.67	2,177.85
B) SUNDRY DEBTORS		
1. Debts outstanding for a period exceeding 6 months (Considered Good)	44.69	49.00
2. Other Debts (Considered Good)	339.71	80.57
	384.40	129.57
C) CASH & BANK BALANCES		
1. Cash-in-hand including cheques & drafts amounting to Rs. 414.07 Lacs (Previous Year Rs. 13.10 Lacs) as certified by Management	461.80	64.56
2. (i) With Scheduled Banks on Current Accounts	211.13	109.38
(ii) With Scheduled Banks on Term Deposit Account	419.82	349.61
	1,092.75	523.55
Total Current Assets	5,238.82	2,830.97

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
LOANS AND ADVANCES		
1. Security Deposits and Deposits for Sales Tax	19.51	14.97
2. Union Excise Duty Advance & Service Tax Receivable	243.55	137.18
3. Advance Recoverable in cash or in kind or for value to be received (Note No. B25 of Schedule 16)	2,228.71	2,778.14
Less: Provision for Doubtful loans & advances	55.56	55.56
	2,173.15	2,722.58
Total Loans & Advances	2,436.21	2,874.73

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	19.44 (8.53)	0.00 0.00
2. Considered good and in respect of which the company holds no security other than Debtors personal security	364.96 (121.04)	2,436.21 (2,874.73)
3. (a) Considered doubtful	-	55.56
(b) Considered bad	-	(55.56)
	-	(-)
	384.40	2,491.77
	(129.57)	(2,930.29)
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.	- (-)	13.67 (9.69)
5. Maximum Amount due at any time during the year out of dues at Sl. No. 4 above	- (-)	13.67 (9.69)
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, 2010	As at 31st March, 2009
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
1.0 Sundry Creditors		
i) Sundry Creditors-Micro and Small Enterprises (Note no. B22 of Schedule - 16)	11.42	25.30
ii) Sundry Creditors-Others	<u>2,242.39</u>	<u>1,789.34</u>
2.0 Statutory Liabilities payable during one year	1,653.00	1,814.64
3.0 Other Liabilities	3,738.72	4,081.54
4.0 Total Current Liabilities	7,645.53	5,896.18
B. PROVISIONS		
i) Accrued Leave Liability	184.66	120.28
ii) Accrued Gratuity Liability	1,279.15	1,100.96
iii) Fringe Benefit Tax	0.00	2.35
iv) Custom Duty & other charges	0.00	49.44
C. Total Current Liabilities & Provisions	9,109.34	7,169.21

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

SCHEDULE-10

(Rupees in Lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SALES		
(Note No. B8 of Schedule - 16)	25,704.03	20,447.30
Total Sales	25,704.03	20,447.30

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE - 11**

(Rupees in Lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
MISCELLANEOUS INCOME		
1. Rent	1.79	1.99
2. Interest:		
(i) On Fixed Deposit – Banks (including TDS Rs. 6.78 Lac Current Year, Prev. Year Rs. 1.56 lac)	36.06	11.56
(ii) Income from other Investments - Mutual Funds	8.96	4.69
3. Credit Balances Written back	49.64	0.00
4. Miscellaneous	56.37	48.26
Total Miscellaneous Income	152.82	66.50

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE - 12**

(Rupees in Lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
MANUFACTURING EXPENSES		
Raw Materials Consumed:		
Gypsum	593.86	438.10
Fly Ash	1,424.98	981.06
Magnetite	274.71	275.42
Carbon Black	1.87	7.06
Lime stone	177.33	0.00
Clinker	0.00	143.81
Pozzolana	12.95	4.86
	2,485.70	1,850.31
Freight & Transport Charges	125.33	126.06
Royalty & Cess	343.80	262.87
Consumption of Stores Spare & Consumable	695.01	396.58
Consumption of Packing Materials	833.05	789.11
Power & Fuel	7,193.91	6,138.62
Mining Equipment Handling Charges	1,067.23	686.13
Major Repairs & Maintenance	0.00	32.44
Repairs & Maintenance:		
Building	2.65	3.21
Machinery	889.14	436.21
Others	94.15	135.73
	985.94	575.15
Total Manufacturing Expenses	13,729.97	10,857.27

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

SCHEDULE - 13

(Rupees in Lacs)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
VARIANCE IN STOCKS				
Closing Stocks :				
Materials-in-process	488.46		98.54	
Finished goods	469.41	957.87	306.30	404.84
Opening Stocks :				
Materials-in-process	98.54		280.69	
Finished goods	306.30	404.84	332.15	612.84
		(553.03)		208.00
Lime Stone :				
Closing Stocks :	90.84		362.15	
Opening Stocks :	362.15	271.31	145.80	(216.35)
Total Variation in Stocks		(281.72)		(8.35)

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

SCHEDULE - 14

(Rupees in Lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SALARIES, WAGES, WELFARE EXPENSES ETC.		
Salaries, Wages & Bonus	2,008.90	1,711.37
Directors' Salary & Benefits	113.30	99.57
Contribution to Provident & Other Funds (including Rs. 5.04 lac for Director's provident fund-Prev. Year Rs. 3.96 lac)	233.35	209.27
Workmen & Staff Welfare Expenses (including Rs. 10.47 lac for prior period)	614.82	364.00
Total Salary & Wages	2,970.37	2,384.21

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

SCHEDULE - 15

(Rupees in Lacs)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
OTHER EXPENSES				
Rent		49.45		54.86
Rates & Taxes		1.28		1.25
Insurance		27.96		15.92
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	2.60		2.76	
For Expenses re-imbursed	1.77	6.62	1.21	6.22
Legal Expenses		60.00		33.31
Printing, Stationery & Advertisement		16.59		16.77
Postage, Telegram, Telephone & Lighting		26.09		23.07
Travelling & Motor Car Expenses		150.00		169.51
Miscellaneous Expenses		114.70		114.91
Bank Charges & Commission		34.55		32.47
Directors' Fee for Board Meeting		2.15		1.75
Research Fees		5.07		4.53
NCD Issue Expenses		26.01		
Commission on Sales		99.56		82.50
Consultation Fees & Expenses		31.87		23.23
Total Other Expenses		651.90		580.30

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,2010.

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 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, 2010.

1.0 Contingent Liabilities :

- 1.1 BSEB related Contingent Liabilities :** The Company has been representing before Bihar State Electricity Board (BSEB) for resolving various disputes namely (i) levy of maximum demand charge simultaneously on 33 KV and 132 KV connections for the month of August 1993, (ii) levy of AMG charge for 33 KV on the alleged ground of not serving proper notice (iii) levy of MMG charges for the period September '93 to June '94 despite Court's Order to the contrary and subsequent levy of DPS thereon, (iv) non revision of the bill for the period June 1996 to November 1997 despite the Order of Hon'ble Patna High Court, (v) withdrawal of AMG Bill of 33 KV supply for the period September '93 to January'94, (vi) keeping the AMG charges Bill of 132 KV supply for the years 1993-94 and 1994-95 in abeyance till a final decision by the Board, (vii) reduction in contract demand from 15 MVA to 13 MVA and (viii) dispute over non-adjustment of interest accrued on security deposit made by the company with BSEB.

With a view to resolving the above disputes, the BSEB set up a high powered expert Committee comprising Member (Tr. & Gen.) as its Chairman and Financial Controller I, Financial Controller II, Chief Engineer(Commercial) and Electrical Superintending Engineer of the concerned Transmission Circle as its Members. The said Committee examined the issues raised by the Company in light of the provisions of tariff / Board's Rules and submitted its report on 25.4.2008. The report of the Committee was placed before the Board of BSEB in its meeting held on 18th June 2008 when the recommendations of the Expert Committee were approved by the Board. The Expert Committee in its recommendations agreed with the Company's view points except in respect of two issues namely (i) keeping the AMG Bills of 132 KV line for the financial years 1993-94 and 1994-95 in abeyance till final decision is taken by the Board and (ii) reduction of contract demand from 15 MVA to 13 MVA.

With a view to giving effect to the recommendations of the Expert Committee duly approved by the Board, the Chairman BSEB constituted a Committee for computing the amount payable by the Company as on 31st March 2008 on the basis of relevant records of BSEB. The Committee vide its reports dated 22nd September 2008 determined the payable amount at Rs. 38.19 crores as on 31st March 2008. The amount was subsequently vetted by the Financial Controller and Commercial Department of BSEB who determined the total payable amount at Rs. 40.75 crores. This amount has been confirmed by BSEB before the Hon'ble Bench of the Board for Industrial and Financial Reconstruction (BIFR) in their hearing held on 15th April, 2010, subject however to approval by the Board of BSEB. Pending approval by the Board of BSEB, BSEB continues to serve the bill without giving effect to the reconciled dues. Accordingly, BSEB has served the bill showing the amount of Rs.268.59 crores for March,2010.

In terms of clause 3.3 (vi) of the Industrial Incentive Policy 2006, the Company is eligible for relief from AMG/MMG/DPS for 5 year post sickness period (29th May 2002 to 28th May 2007). The total amount of such relief works out to Rs. 26.40 crores and the amount payable to BSEB, therefore, amounts to Rs. 14.25 crores. The company earlier had paid a sum of Rs. 2.73 crores as advance to BSEB and after adjusting the said advance, the Company is required to pay Rs. 11.62 crores and accordingly the said amount has been provided in the Books of Accounts of the Company.

- 1.2 CRA Account :** The interest on outstanding amount of Rs. 208.23 Lacs amounting to Rs. 562.33 Lacs (Previous Year Rs. 531.09 lacs) as on 31.03.2010 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.

- 1.3 Unexecuted Capital Commitments :** Estimated amount of Contracts remaining to be executed on Capital Account and not provided for amount to Rs. 175.08 Lacs (Previous Year Rs. 554.61 Lacs).
- 1.4 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. In addition, the deferred sales tax dues have also been stayed by BIFR. For the remaining amount of Rs. 240.98 lacs also, the Company has filed appeals in the appropriate courts. Moreover, the Draft Rehabilitation Scheme (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.
- 1.5 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'10 amounted to Rs. 2.22 lacs.
- 1.6 Counter-guarantees given by the Company :** Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs.141.68 Lacs (Previous Year Rs. 147.76 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 for Reschedulement of NCDs between KCL and Vivid Colors Pvt. Ltd." As per the said Agreement, redemption of rescheduled NCDs will start from June, 2012 and be completed in Sept. 2013.
- 4.0** The company applied to the Government of Bihar for grant of Sales Tax exemption pursuant to Industrial Policy 1995. In view of delay in decision, the company filed a writ petition in the Hon'ble Patna High Court which was decided in company's favour. The Govt. of Bihar filed an appeal in the Hon'ble Supreme Court who, through its interim order dated 18.11.02, directed the State Govt. to grant Sales Tax exemption to the Company. The State Govt. vide its Notification S.O. No. 174 dated 18th Oct. '04 granted Sales Tax exemption to the company for a period of 5 years. In terms of the said Notification issued by the Govt. of Bihar on the basis of the interim order of the Hon'ble Supreme Court, the company wrote back the sales tax liability of Rs. 87.55 Crs. Upto 17th Oct. '09 (the terminal date of the five year Sales Tax exemption period granted by the State Govt.) in its accounts as on 31st Dec. '09. The Hon'ble Supreme Court, however, has decided the case on 8.01.2010 by dismissing the appeal of the Govt. of Bihar and upholding thereby the eligibility of the company for Sales Tax exemption under Industrial Policy, 1995. But the Supreme Court has also ordered the company to refund the amount equivalent to sales tax to the Govt. of Bihar and accordingly the company has reversed the said amount of Rs. 87.55 Crs. in its profit & loss account and created liability of the corresponding amount. This has the effect of increasing the liability by Rs. 87.55 Crs. and the accumulated loss by Rs. 75.48 Crs. over the accumulated loss as on 31st March, 2009. The DRS circulated by BIFR for revival of the company provides for payment of the said amount of Rs. 87.55 Crs. to the State Govt. in installments.

- 5.0 The tenure of the managerial personnel namely Shri Satyadeva Prakash Sinha, the wholetime director designated as Executive Chairman, Shri Shailendra Prakash Sinha, Managing Director and Shri Anant Prakash Sinha, Joint Managing Director ended on 22nd Feb.'10. The Board of Directors reappointed them at their respective managerial position in their meeting held on 30th Jan.'10. The Remuneration Committee as well as the Board of Directors also approved the revised remuneration (including minimum remuneration) payable to them. The shareholders of the company in their Extraordinary General Meeting held on 8th March, 2010 approved the reappointment and the remuneration for the above managerial personnel subject to approval of the Central Govt. The company has submitted applications to the Central Govt. for necessary approval. Till the approval of the Central Govt. is received, the remuneration received by the aforesaid managerial personnel will be held in Trust for the company.
- 6.0 Capital Work in Progress outstanding as on 31.03.2010 amounting to Rs.69.46 lacs (Previous Year Rs. 151.69 lacs) includes Advance to Suppliers nil (Previous Year nil) and Creditors nil (Previous Year Rs.Nil).
- 7.0 Interest on fixed deposits with Banks includes Rs. 15.76 lacs related to prior years remaining unaccounted due to oversight, now being disclosed as per Accounting Standard-5.

Debenture issue expenses of Rs. 26.01 Lacs (Schedule-15) pertain to prior year.

The Fringe Benefit Tax of Rs. 5.77 Lacs has been paid in consequence of the Assessment Order dated 26.11.2009 passed in respect of the Assessment Year 2007-08.

8.0 Capacities, Production, Sales and Stocks :

	2009 - 10		2008 - 09	
	Lac Tons	Rs. Lacs	Lac Tons	Rs. Lacs
Installed Capacity, Production, Sales & Stocks : Class of Goods - Cement				
i) Installed Capacity	10.00		10.00	
ii) Production	6.76		5.97	
iii) Sales				
a) Cement	6.72	25704.03	5.98	20447.30
b) Clinker	.00	0.00	.00	0.00
iii) Stocks :				
Opening	0.10	306.30	0.12	332.15
Closing	0.14	469.41	0.10	306.30

9.0 Raw materials consumed - Totally Indigenous

	2009 - 10		2008 - 09	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
i) Limestone incl. Gangue/Clay	6.41	2211.32*	5.56	1494.50*
ii) Gypsum	.21	593.86	.18	438.10
iii) Magnetite	.20	274.71	.17	275.42
iv) Fly Ash	2.11	1424.98	1.48	981.06
v) Pozzolana	.08	12.95	.16	4.86
vi) Limestone Purchase	.17	177.33		
vii) Clinker Purchase			.04	143.81
viii) Carbon Black	tr.	1.87	tr.	7.06

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

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

Rs. in Lacs

Components & Spare Parts	1020.50	1143.36
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(b) Expenditure in Foreign Currency on account of Royalty & know-how, Professional and Consultation fees, Foreign Travel, Interest & other matters

3.73 7.52

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

i) Indigenous (Rs. in Lacs)	1529.14	865.23
% of Total Consumption	96.53%	100.00%
ii) Imported (Rs. in Lacs)	55.00	0.00
% of Total Consumption	3.47%	0%
iii) Total (Rs. in Lacs)	1584.14	865.23
% 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

	2009-10	2008-09
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

11.0 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

	2009-10	2008-09
i) Cement Regulation Account	208.23	208.23
ii) Sales Tax (Deferred Amount)	2190.16	2822.45
iii) Sales Tax (Exemption Amount)	7939.71	
iv) Royalty & Cess	316.28	517.94
v) Sales Tax (Current)	0.00	701.59

12.0 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.

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

14.0 Rs. 343.01 Lacs (Previous Year Rs. 423.04 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.

15.0 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.

16. 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.
- 17.0 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, ESI and Income Tax Deducted at Source as on 31st March, 2010.
- 18.0 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.	31.3.10	31.03.09
1	Bihar Hotels Ltd.	Associate	Deed of Licence	32.19	49.37		
			Purchase of Goods/Services	10.90	11.57	(8.80)	(4.73)
2.	Jenson & Nichol森 (India) Ltd.	Associate	Rent	15.88	10.68	1.20	2.17

Notes:

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

19.0 The company operates only in one business segment viz cement.

20.0 Earnings per share:

	As at 31 st Mar,2010	As at 31 st Mar,2009
Net Profit (Loss) for the year-Rs. In Lacs	490.62	(1564.50)
Number of Equity Shares	21249054	21249054
Nominal Value of Equity Share-Rs	10.00	10.00
Basic earnings per share-Rs.	2.31	(7.36)

21.0 Remuneration of Directors

	2009-10	2008-09
	Rs. Lacs	Rs. Lacs
i) Salary	67.88	57.60
ii) Other Allowances and benefits	45.41	41.97
iii) Company's Contribution to PF	5.04	3.96
Sub-Total (As per Sch.-14)	118.33	103.53
iv) Director's fees (As per Sch.-15)	2.15	1.75
v) Total	120.48	105.28

22.0 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.

23.0 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.

- 24.0 (i) 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.
- (ii) The company has claimed the interest amount of Rs. 38 Lacs from M/s. Kampilya Builders Pvt. Ltd. accrued to them on the deposits out of funds received by them from KCL's Sales Promoters.

25.0 Loans and Advances appearing in Schedule 8 comprised the following:

Rs. In Lacs

	2009-10	2008-09
1. Advance to Bihar State Electricity Board including Security Deposit	545.87	545.87
2. Advance to suppliers including for Repairs and Replacement items	1474.26	1714.06
3. Cenvat receivable including Excise Duty on uncleared goods (previous year)	243.56	137.18
4. Security Deposits with Govt. agencies and Sales Tax Deptt.	83.62	34.08
5. Advance to Employees	17.97	22.61
6. Margin against suppliers Credit	0.00	225.00
7. Advance against Debenture Redemption	0.00	150.00
8. Others	70.93	45.93
9. Total Loans & Advances	2436.21	2874.73

26.0 The Actuarial Valuation of Gratuity and Leave wages has been made as on 31.03.2010. The requisite disclosure under AS15 is given as under.

The principal assumptions used in actuarial valuation are as below

- Discount rate		7.5%	
- 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 01.04.2009	1100.96	120.28	
- Interest cost	89.25	11.44	
- Current service cost	63.97	28.08	
- Benefits paid	(82.35)	(7.62)	
- Actuarial loss/ (Gain) on obligations	107.32	32.48	
- Present value of obligations as at 31.03.2010	<u>1279.15</u>	<u>184.66</u>	
Change in fair value of plan assets	Not Applicable	Not Applicable	
Liability recognized in Balance Sheet			
- Present value of obligations as at 31.03.2010	1279.15	184.66	
- Fair value of plan assets as at the end of the year	-	-	
- Funded status (Deficit)	1279.15	184.66	
- Unrecognised Actuarial (Gain) / Loss	-	-	
- Net (Liability) recognized in Balance Sheet	<u>1279.15</u>	<u>184.66</u>	

27.0 The Excise Duty amounts related to the closing and opening stock amounting respectively to Rs. 63.70 lacs and Rs. 36.70 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.

28.0 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.

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

M. MUKERJEE & CO.
CHARTERED ACCOUNTANTS

24, Netaji Subhas Road
Kolkata-700 001
CAMP: Patna
Date : 29 May 2010

Rana Chatterjee
PARTNER
Membership No : 53209
Firm Registration No. 303013E

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

D.N. Bhandari
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	0
---	---

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	Total Assets																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>3</td><td>1</td><td>9</td><td>2</td><td>.</td><td>1</td><td>1</td></tr></table>	3	3	1	9	2	.	1	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>3</td><td>1</td><td>9</td><td>2</td><td>.</td><td>1</td><td>1</td></tr></table>	3	3	1	9	2	.	1	1
3	3	1	9	2	.	1	1										
3	3	1	9	2	.	1	1										
Sources of Funds:	Reserves & Surplus																
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>7</td><td>8</td><td>7</td><td>.</td><td>1</td><td>4</td></tr></table>	2	7	8	7	.	1	4									
2	7	8	7	.	1	4											
Secured Loans	Unsecured Loans																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>2</td><td>0</td><td>4</td><td>.</td><td>4</td><td>3</td></tr></table>	1	5	2	0	4	.	4	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>1</td><td>5</td><td>1</td><td>.</td><td>1</td><td>4</td></tr></table>	1	3	1	5	1	.	1	4
1	5	2	0	4	.	4	3										
1	3	1	5	1	.	1	4										
Application of Funds:	Investments																
Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L													
N	I	L															
Net Current Assets	Misc. Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(-)</td><td>1</td><td>4</td><td>3</td><td>4</td><td>.</td><td>3</td><td>1</td></tr></table>	(-)	1	4	3	4	.	3	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>5</td><td>.</td><td>4</td><td>5</td></tr></table>	6	5	.	4	5			
(-)	1	4	3	4	.	3	1										
6	5	.	4	5													
Accumulated Losses																	
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>5</td><td>4</td><td>6</td><td>9</td><td>.</td><td>0</td><td>6</td></tr></table>	2	5	4	6	9	.	0	6									
2	5	4	6	9	.	0	6										

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

Turnover	Total Expenditure																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>3</td><td>2</td><td>4</td><td>4</td><td>.</td><td>0</td><td>6</td></tr></table>	2	3	2	4	4	.	0	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>2</td><td>7</td><td>5</td><td>3</td><td>.</td><td>4</td><td>4</td></tr></table>	2	2	7	5	3	.	4	4						
2	3	2	4	4	.	0	6																
2	2	7	5	3	.	4	4																
Profit/Loss before Tax	Profit/Loss after Tax/prior adj.																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>-</td></tr><tr><td>+</td><td></td></tr><tr><td></td><td>4</td><td>9</td><td>0</td><td>.</td><td>6</td><td>2</td></tr></table>	+	-	+			4	9	0	.	6	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>-</td></tr><tr><td>+</td><td></td></tr><tr><td></td><td>4</td><td>9</td><td>0</td><td>.</td><td>6</td><td>2</td></tr></table>	+	-	+			4	9	0	.	6	2
+	-																						
+																							
	4	9	0	.	6	2																	
+	-																						
+																							
	4	9	0	.	6	2																	
Earning per Share	Dividend																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td></td><td>2</td><td>.</td><td>3</td><td>1</td></tr></table>	+		2	.	3	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L													
+		2	.	3	1																		
N	I	L																					

V. Generic Name of the Principal Product of Company

Item Code No. (ITC CODE)

2	5	2	3	.	2	9
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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
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Note: (1) Turnover as indicated at no. IV above includes Miscellaneous Income of Rs. 152.82 Lacs.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

Rs. In Lacs

Particulars	2009-10 April '09-March '10 Audited	2008-09 April '08-March '09 Audited
CashFlow from Operating Activities :		
Net Profit/(Loss) before Taxation	490.62	(1,564.50)
Adjustments for:		
Interest & Other Financial Charges Provided	248.33	187.83
Depreciation	1,356.41	1,455.43
Write-back of Sales Tax	1,207.11	2,221.27
Write-back of Debts	0.00	566.32
Reversal of Write-back of Sales Tax	(8,754.71)	
Operating Profit/(Loss) before Working Capital Changes :	(5,452.24)	2,866.35
(In)/Decrease in Receivables	(254.83)	145.57
(In)/Decrease in Inventories	(1,583.82)	(454.69)
(In)/Decrease in Loans & Advances	438.52	(462.23)
In/(De)crease in Current Liabilities	1,940.13	2,848.48
Cash Generated from Operating Activities :	540.00	2,077.13
Cashflow from Investing Activities :		
(In)/Decrease in Fixed Assets including Capital WIP	(231.28)	(1,603.10)
Deferred Revenue Expenses	16.60	(24.62)
Cashflow from Investing Activities	(214.68)	(1,627.72)
Cashflow from Financing Activities :		
In/(De)crease in Share Capital	0.00	1,856.00
In/(De)crease in Unsecured Loans	7,121.29	(2,900.67)
(In)/Decrease in Investments	250.00	(250.00)
Repayment of Debts	(1,426.64)	(1,828.74)
Interest & Other Financial Charges Paid	(248.33)	(187.83)
Net Cashflow from Financing Activities	5,696.12	(3,311.24)
Net In/(De)crease in Cash or Cash Equivalent	569.20	4.53
Cash & Bank Balance		
At the beginning of the period	523.55	519.02
At the end of the period	1,092.75	523.55

Notes:

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

D. N. Bhandari
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, 2010 and 31st March, 2009 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 29th May, 2010.

M. MUKERJEE & CO.

24, Netaji Subhas Road
Kolkata-700 001
Camp : Palna
Date : 29 May, 2010

Rana Chatterjee
PARTNER
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 53209
Firm Registration No. 303013E