

BOARD OF DIRECTORS

S.P.Y. REDDY
Chairman

S. SREEDHAR REDDY
Managing Director

V. RAMNATH

D. KRISHNA MOHAN

A.V. NARASIMHA REDDY

DR. R. K. PRASAD SUNKARA

V. SURESH KUMAR

A. SREENIVASULU REDDY

A. SATHYA BHUSHANA RAO
(Alternate Director to Dr.R.K.Prasad Sunkara)

**REGISTRAR & SHARE
TRANSFER AGENTS**

XL Softech Systems Limited
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad - 500 034

Phone Nos : 040-23545913/14/15
Fax No : 040-23553214
Email:xlfield@rediffmail.com

CENTRAL ADMINISTRATIVE OFFICE :

Plot No.188, Phase II,
Kamalapuri Colony,
Hyderabad 500 073.
Telephone Nos.040-23555317
Fax No.040-23555316
E-mail:panyamcementcao@gmail.com.
Website:panyamcements.net

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni 518 301.

COST AUDITOR

Aruna Prasad
Cost Accountant
Plot No. 802,
64th Street,
10th Sector, K.K. Nagar,
Chennai - 600 078.

BANKERS

State Bank of India
Main Branch
Nandyal

State Bank of Hyderabad
Overseas Branch
Somajiguda
Hyderabad

Indian Overseas Bank
Adarsh Nagar,
Hyderabad

REGISTERED OFFICE

C-1, Industrial Estate
Bommalasatram,
Nandyal - 518 502
Kurnool District, A.P.

Telephone Nos.08514-222274
Fax No. : 08514-243106

CEMENT WORKS:

Cementnagar - 518 206
Kurnool District, A.P.

Telephone No. : 08516-274638

Fax No. : 08516-274644

E-mail : panyamcement@gmail.com

PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

Registered Office::C-1 Industrial Estate
Nandyal, Kurnool District - 518 502. A.P.

NOTICE

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Members of the Company will be held on Thursday, the 15th September, 2011 at 11.30 A.M., at the Conference Hall of Nandi Group, Industrial Estate, Nandyal, Kurnool District, A.P. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2011, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a director in place of Sri A.V.Narasimha Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sri S.P.Y.Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration. The retiring Auditors M/s. Brahmayya and Co., Chartered Accountants, Adoni are eligible for reappointment.

Special Business:

5. To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that Sri V. Suresh Kumar who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

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

"RESOLVED that Sri A. Sreenivasulu Reddy who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

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

RESOLVED THAT in accordance with the provisions of FEMA (Transfer of Issue of Security by a person resident outside India) Regulations, 2000 or any other applicable law, and subject to the Statutory approval, if required, the consent of the company be and is hereby accorded for the investment by Foreign Institutional Investors (FII) in the equity share capital of the Company, either by direct investment or by purchase or otherwise by acquiring from the market under portfolio investment scheme on repatriation basis, upto 40% of the paid-up equity share capital of the Company.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to do all such acts, deeds & things as may be necessary, proper and expedient for the purpose of giving effect to this resolution and for the matters connected therein or incidental thereto."

By Order of the Board of Directors
For Panyam Cements & Mineral Industries Ltd

S.Sreedhar Reddy
Managing Director

Place: Hyderabad
Dt:- 30th May, 2011

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company remain closed from 12.09.2011 to 15.09.2011 (both days inclusive).
4. Explanatory Statement in respect of Items Nos.5, 6 and 7 pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is enclosed.
5. Information as required by clause 49 (VIA) of the Listing Agreement:

As required by clause 49(VIA) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed /re-appointed is provided hereunder:

Sri A.V.Narasimha Reddy, aged about 35 years, is an Engineering Graduate in Electronics and Communications and having about 14 years of industrial experience in different fields.

Sri S.P.Y.Reddy, aged about 61 years is an Engineering Graduate from Regional Engineering College, Warangal and worked in M/s. Baba Atomic Research Centre, Mumbai from 1973 to 1977. He is the Chairman of Nandi Group of Companies and the said Group is having manufacturing activities in PVC pipes, Cement and Distilleries.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.5:

Sri V. Suresh Kumar was appointed as an Additional Director of the Company on 30th May, 2011 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri V. Suresh Kumar holds office upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose his appointment as a Director of the Company.

Sri V. Suresh Kumar, aged about 37 years has obtained his degree i.e. B.E. in Computer Science and M.Sc. in Physics from BITS, Pilani. He got extensive experience in managing projects in VLSL. He has extensively travelled to Japan, Germany and USA and gained vast experience. His vast experience will be an added advantage to the growth of the company.

Except Sri V.Suresh Kumar, Sri S.P.Y.Reddy and Sri S.Sreedhar Reddy, none of the other Directors are interested in the proposed resolution.

Item No.6:

Sri A.Sreenivasulu Reddy was appointed as an Additional Director of the Company on 30th May, 2011 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri A.Sreenivasulu Reddy holds office upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose his appointment as a Director of the Company.

Sri A.Sreenivasulu Reddy, aged about 34 years has obtained his Degree in Engineering (E.C.E) from S.V. University during 1997. He worked in the roles of People Manager, Project Lead and Developer at world class semi conductor companies. He has successfully executed the projects spanning with teams across multiple countries. He has worked in U.S.A for close to 10 years. Sri A. Sreenivasulu Reddy has got over all experience of 13 years. His vast experience will be an added advantage to the growth of the company.

Except Sri A.Sreenivasulu Reddy, none of the other Directors are interested in the proposed resolution.

Item No.7:

The Reserve Bank of India had through its Master Circular dated July 1, 2006 on Foreign Investments in India permitted the companies to increase limit of investments by Foreign Institutional Investors (FII) up to the sectoral cap or statutory limit as applicable, by passing a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. The sectoral cap applicable to the company is 100% of its paid-up capital.

The resolution at Item No.7 of the notice seeks Shareholders' approval for increase in the permitted FII Investment limits up to 40%. The Board considers the increased investment by FII to be in the interest of the company. The Board recommends the resolution for increasing the maximum limit of FII investment in the company to 40% of the paid up equity capital of the company.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors
For Panyam Cements & Mineral Industries Ltd

S.Sreedhar Reddy
Managing Director

Place: Hyderabad
Dt:- 30th May, 2011

DIRECTORS' REPORT :

To
The Members

Your Directors present the 55th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011:

FINANCIAL RESULTS :

	Year ended 31 st March 2011	(Rs.in lakhs) Year ended 31 st March 2010
Income :		
Gross Sales	15826.53	15943.90
Other Income	453.25	956.59
State Incentives	-	447.67
	<u>16279.78</u>	<u>17348.16</u>
Profit before interest and depreciation	913.75	3905.28
Less : Interest	782.30	1212.14
Less :Depreciation	505.16	338.84
Net Profit before Deferred Revenue Expenses and prior period expenses / income	(-) 373.71	2354.30
Less : Deferred Revenue Expenses Written off	-	282.85
Less : Prior Period Expenses / Income	7.49	17.46
Net Profit / (Loss) for the year before Tax	(-) 381.20	2053.99
Provision for Tax - Income Tax for the year	-	600.00
Net profit / (Loss) after Tax	(-) 381.20	1453.99
Loss brought forward from previous year	(-) 3805.66	(5259.65)
Loss carried to Balance Sheet	(4186.86)	(3805.66)

OPERATIONS:

The performance of the Cement Unit during the year under review was satisfactory. The company has produced during the year 2010-11 4,01,072 M.Tonnes of cement as against 4,33,034 M.Tonnes in the previous year, registering a capacity utilization of 76% as against 82% in the previous year. During the first half year of 2010-11, there was reduction in production and turnover of cement due to low realizations and recession in the market.

The gross sales for the year under report was Rs.15826.53 lakhs as against Rs.15943.90 lakhs in the previous year. The net loss for the year was Rs.381.20 lakhs as against net profit after tax of Rs.1453.99 lakhs in the previous year. The marginal decrease in turnover for the year 2010-11 was on account of lower volume of sales due to sluggishness in the open market during the first two quarters of the financial year under review. Further there was steep fall in the sale prices of cement due to recession during the first two quarters of the year 2010-11 and thereby for the first half year ended 30.09.2010 the Company incurred a net loss of Rs.879.37 lakhs as against net profit of Rs.1624.25 lakhs in previous half year ended 30th September, 2009. However the prices were supportive during last two quarters of the financial year 2010-11. The company has reported a net profit of Rs.498.17 lakhs for the second half of the year 2010-11.

During the year 2010-11, the Developers, M/s.Bhimsankar Realtors Private Limited (Greenage Griha Nirman Private Limited) have completed the construction works of four blocks upto 13th floor and the remaining floors construction work is under progress. We have been informed that the first phase of properties will be handed over by March, 2012.

MODERNISATION OF THE CEMENT UNIT:

During the year 2010-11, the modernization of Kiln No.1 for increasing its capacity from 550 M.Tonnes per day to 1800 M.Tonnes per day was under trial runs and due to technical problems the kiln was not stabilized. The production of Kiln No.1 will be commenced during second quarter of the current financial year. The Modernisation project was financed by Indian Overseas Bank and State Bank of Hyderabad.

DIVIDEND:

Your Directors regret their inability to recommend any dividend on Equity Shares in view of the current year and carry forward losses. Consequently the payment of dividend in respect of Redeemable "C" Cumulative Preference Shares held by the Financial Institutions also has been passed over.

PUBLIC DEPOSITS:

The Company has not accepted any public deposits under Section 58-A and 58AA of the Companies Act, 1956.

CURRENT YEAR PROSPECTS:

The working of the Cement Unit is satisfactory and the management is contemplating on reduction of consumption cost of power and fuel.

Cement sales continued its momentum during the current financial year. The National Highway Authority of India is planning to take up new highway projects. Further, the infrastructure industry, housing and ports are going to enhance the cement consumption in the coming years. The company expects good demand for cement from other sectors also and over-all the consumption is expected to ease the company's marketing bottlenecks.

Further, the company has successfully completed the Modernisation of Kiln I for increasing the production. In order to meet the requirements of the kiln at enhanced capacity of 1800 TPD, the management has taken all steps to improve the efficiency, productivity and reduce operational costs, create better environment, reduced energy levels and cutting down logistics costs etc. The cost of the project is estimated at Rs. 56.19 crores. The said project was financed by State Bank of India, State Bank of Hyderabad and Indian Overseas Bank. The project works are under implementation.

AUDITOR'S REPORT:

As regards non-provision of gratuity liability on actuarial valuation in respect of Cement Division employees, the gratuity liability is provided on retirement of employees on a consistent basis.

As regards non-remittance of undisputed statutory dues as mentioned in para (ix) of Annexure to Auditors' Report and interest dues to debenture holders as mentioned in para (xi) of the Annexure to the Report, the Company is clearing the statutory dues in a phased manner and interest dues to one of the debenture holders are under negotiations with the party.

EMPLOYEES:

Your Directors wish to place on record their sincere appreciation of the whole-hearted co-operation extended and the valuable contribution made by the employees at all levels.

There are no employees drawing remuneration more than the sum prescribed pursuant to Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS:

M/s. Brahmayya & Co., Chartered Accountants, Adoni, the Company's statutory auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Sri A.V.Narasimha Reddy and Sri S.P.Y.Reddy will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board has co-opted Sri V.Suresh Kumar, who has obtained degree B.E. in Computer Science and M.Sc., in Physics from BITS Pilani, as an Additional Director of the company on 30th May, 2011 and holds office upto the conclusion of the ensuing Annual General Meeting.

The Board has also co-opted Sri A.Sreenivasulu Reddy, who has obtained degree in Engineering (ECE) from S.V. University, as an Additional Director of the company on 30th May, 2011 and holds office upto the conclusion of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- a) that in preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

AUDIT COMMITTEE:

The Audit Committee consists of Sri D.Krishna Mohan, Sri A.V.Narasimha Reddy, A.Sathya Bhushana Rao. Sri D. Krishna Mohan is the Chairman of the Audit Committee. The management is taking steps to induct a member on the Audit Committee. All are independent and non executive directors. The Audit Committee met four times during last year and reviewed the Internal Audit Reports and quarterly results.

CORPORATE GOVERNANCE:

The company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of clause 49 to the Listing Agreement with the Stock Exchange are complied.

A separate report on Corporate Governance is incorporated along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance and are given separately as a part of the Directors' Report. Further as a part of the report, "Management Discussion and Analysis" has also been furnished.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO:

The information required under section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 with respect to these matters are set out in the Annexure I and forms part of the report.

COMPLIANCE WITH LISTING AGREEMENT:

Clause 43A:

The Equity/Preference Shares of the Company are listed on the Bombay Stock Exchange Limited and the annual listing fee was paid to the said Stock Exchange.

Cash Flow statement is attached as Annexure II and forms part of this report.

ACKNOWLEDGEMENTS:

Your Directors are happy to acknowledge the financial assistance given to the Company by the Banks. Your Directors also express their thanks to the various Central and State Government Departments and the shareholders for their support and help extended during the year.

By Order of the Board of Directors
For Panyam Cements & Mineral Industries Ltd

S.P.Y. REDDY
Chairman

Place: Hyderabad
Dt:- 30th May, 2011

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011:

ANNEXURE I

A. Conservation of Energy:

(a) Energy conservation measures taken:

High Efficiency fans are being installed to save energy.

To increase the Mills efficiency AIA liners are being installed in all the seven mills.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

High Efficiency separators are being installed for better output and energy saving.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production:

Savings on energy thereby reducing the cost of production.

(d) Total energy consumption per unit of production:

Particulars given in Form "A" annexed.

B) Technology Absorption:

Particulars given in Form "B" annexed.

C) Foreign Exchange Earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase the export, development of new export market for products and services and export plans:

No exports were made during the year under review.

b) Total foreign exchange used: Rs. Nil

Total Foreign Exchange earned Rs. Nil

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

Particulars	Unit	CEMENT DIVISION	
		31-03-2011	31-03-2010
A. Power and Fuel Consumption:			
1. Electricity:			
a) Purchased			
Units	000 KWH	53449	62110
Total Amount	Rs. Lakhs	1882.68	1894.77
Average Rate	Rs.per KWH	3.52	3.05
b) Own Generation			
Units	000 KWH	-	-
Units per Litre of Diesel	KWH	-	-
Cost per unit	Rupees	-	-
2. Cost (Mineral Coal C – E Grade)			
Quantity	Tonnes	84920.37	89713
Total Cost	Rs.Lakhs	3681.83	3234.51
Average Rate	Rs.per MT	4335.63	3605.40
3. Furnace Oil			
Quantity	Kilo.Lts	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rs.	-	-
B Consumption per unit of Production:			
Electricity	Kwh/tonne of cement	133	143
Coal	Kgs/tonne of cement	210	207

FORM "B"

A. RESEARCH AND DEVELOPMENT (R & D)

1. Specific area in which R & D is carried out by the Company:

The company has not carried out R & D in any specific area.

2. Benefits derived as a result of the above efforts

- Not applicable -

3. Future course of action:

The Company has a system of continuously evaluating various production processes for up-gradation

4. Expenditure on R and D:

No separate amount is incurred in respect of Research and Development.

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

- Not applicable -

ANNEXURE - II
CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2011

	(Rs. in Lakhs)		
	<u>LESS</u>	<u>ADD</u>	<u>NET</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT/LOSS (-) BEFORE TAX			(-) 381.20
ADJUSTMENT FOR :			
Depreciation		505.16	
DRE Written off		0.00	
Extra Ordinary Expenditure / Income			
Dividend Received	0.20		
Interest received/paid	375.55	782.30	
Profit/Loss on sale of Assets/Investments			
Operating Profit before Working Capital Changes	<u>375.75</u>	<u>1287.46</u>	<u>911.71</u>
ADJUSTMENT FOR :			530.51
Trade and other receivables		286.70	
Inventories	88.22		
Trade payables/Working Capital	37.86	1910.22	
Working Capital Changes(Use)	<u>126.08</u>	<u>2196.92</u>	<u>2070.84</u>
Cash generated from Operations			2601.35
Less : Interest paid	782.30		
Dividend Paid	-		
Direct Taxes paid			782.30
NET CASH FLOW FROM OPERATING ACTIVITIES			<u>1819.05</u>
Extra Ordinary Expenditure / Income			0.00
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchasing / sale of Assets	2720.31		
Purchase / sale of investments			
Interest received		375.55	
Dividend received		0.20	
NET CASH USED IN INVESTING ACTIVITIES	<u>2720.31</u>	<u>375.75</u>	<u>- 2344.56</u>
C CASH FLOW FROM FINANCING ACTIVITIES			- 525.51
Share Capital		0	
Repayment of/ Proceeds from Secured/Unsecured borrowings (Net)		496.47	
NET CASHFLOW FROM FINANCING ACTIVITIES	<u>0.00</u>	<u>496.47</u>	<u>496.47</u>
Net Increase in cash and cash equivalents			-29.04
Cash and Cash equivalents as on 01.04.2010			<u>332.09</u>
Cash and Cash equivalents as on 31.03.2011			<u>303.05</u>

For Panyam Cements & Mineral Industries Ltd.
S.SREEDHAR REDDY **S.P.Y.REDDY**
Managing Director Chairman

AUDITORS' REPORT

The above Cash Flow Statement has been prepared on the basis of audited accounts approved by the Board of Directors and is in agreement with the Profit & Loss Account and Balance Sheet as at 31-03-2011

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Registration No.000514S

Place : Hyderabad (Camp)
Date : 30th May, 2011

B. DAIVADHEENAM REDDY
Partner
M.No. 026450

CORPORATE GOVERNANCE REPORT :

1. Company's Philosophy on Code of Governance:

The Company believes in adopting and adhering to the best corporate practice and continuously evaluate it against each of such practices. The company understands and respects its fiduciary role and responsibility to all stakeholders and strives hard to meet their expectations. We believe that the corporate governance is an important tool for shareholders protection and maximizing their long-term values. Panyam Cements & Mineral Industries Limited functions keeping in tune with this philosophy.

The fundamental objective of company's Corporate Governance is to adopt a methodology, which enhances effectiveness, better utilization of resources, transparency and harmonious relations between various interest groups. The company has been regular in sending its quarterly compliance report on Corporate Governance to Stock Exchange.

2 Board of Directors:

The Companies Act, 1956 and the Listing Agreement with Stock Exchange govern the composition of the Board of Directors of the Company.

The Board comprises of a Chairman, Managing Director and four other Directors. Amongst them, Managing Director is only the Executive Director and all others are Non-Executive Directors.

The Board functions either as a full Board or through Committees. The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee the share transfers and audit functions.

The Board has constituted four committees viz. the Audit Committee, Share Transfer Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee.

During the year 2010-11, the company convened five Board Meetings on 29th May, 2010; 26th July, 2010; 25th August, 2010; 30th October, 2010 and 12th February, 2011.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 14-08-2010	No. of other Directorships	No. of Membership Chairmanship in Board / Committees (Including our Company)
1.	Sri S.P.Y.Reddy	Promoter-Chairman	5	Yes	6	3
2.	Sri S.Sreedhar Reddy	Promoter - Managing Director	5	Yes	3	1
3	Sri V.Ramnath	Independent Non-Executive Director	4	No	1	1
4	Sri D.Krishna Mohan	Independent Non-Executive Director	5	Yes	-	3
5	Sri A.V. Narasimha Reddy	Independent Director	3	Yes	2	3
6	Dr.R.K.Prasad Sunkara	NRI-Non-Executive Director	-	No	-	-
7	Sri A.Sathya Bhushana Rao (Alternate Director to Dr.R.K.Prasad Sunkara)	Independent Non-Executive Director	4	No	1	2

3) Audit Committee:

The Audit Committee met four times during the year i.e. 29th May, 2010; 26th July, 2010; 30th October, 2010 and 12th February, 2011.

The role and terms of reference of Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time.

The company continued to derive immense benefit from the deliberations of the Audit Committee comprising of Sri D.Krishna Mohan; Sri A.V.Narasimha Reddy and Sri A.Sathya Bhushana Rao who are independent and Non-Executive Directors. The minutes of each Audit Committee are placed before and discussed by the Board of Directors of the Company.

The attendance at the Audit Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri D. Krishna Mohan	4	4
2	Sri A.V. Narasimha Reddy	4	3
3.	Sri A. Sathya Bhushana Rao	4	4

4) Remuneration Committee and Policy:

Since there was no change in the remuneration payable to the Managing Director, the committee could not meet during the year under review.

The role of the Committee is to determine the remuneration payable to the whole-time directors taking into account their qualification, experience, expertise, contribution and the prevailing levels of remuneration in companies of corresponding size and stature and recommending the same to the Board for its approval

Details of remuneration to Directors for the year ended 31st March, 2011:

i) Executive Directors:

The Managing Director has drawn an amount of Rs.15.00 lakhs towards salary for the year ended 31st March, 2011

ii) Non-Executive Directors:

No remuneration other than sitting fee is paid to Non-Executive Directors.

Remuneration by way of sitting fee for attending Board/Committee Meetings paid to Non Executive Directors during the financial year are as follows:

Name of the Director	Sitting Fee paid (Rs.)
1) Sri A. Sathya Bhushana Rao ..	40,000
2) Sri V. Ramnath ..	38,500
3) Sri A.V. Narasimha Reddy ..	15,000
4) Dr. R.K. Prasad Sunkara ..	10,000
Total	1,03,500

5) a) Share Transfer Committee:

During the year 2010-11, the Committee met 17 times. All shares received for transfer were registered in favour of the transferees and dispatched within a month's time, if the documents received were in order.

During the year 2010-2011, there were no requests pending for transfer.

The attendance at the Share Transfer Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri S. Sreedhar Reddy	17	13
2	Sri D. Krishna Mohan	17	17
3.	Sri A.V. Narsimha Reddy	17	12

B. Shareholders/Investors' Grievance Committee:

The Shareholders/Investors' Grievance Committee consists of Sri D.Krishna Mohan and Sri A.V.Narasimha Reddy The company is in the process of inducting one more director in the committee at the earliest.

The Committee could not meet during the financial year 2010-11 since there were no complaints/grievances from the shareholders.

6) Annual General Meetings:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2008	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	25.07.2008	12.15 Noon
2009	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	29.08.2009	12.00 Noon
2010	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	14.08.2010	11.30 A.M.

Special Resolutions :

During the year, there were no Extra-Ordinary General Meetings were held.

In respect of the resolutions passed in the above three respective Annual General Meetings, the necessary Form No.23 were filed with the Registrar of Companies

7) Disclosures :

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges

There were no instances of non-compliance on any matter relating to the capital market, during the last three years.

8) Means of Communication:

The Quarterly results are normally published in "Business Standard" in English and "Andhra Prabha" regional news paper published in the vernacular language. The results are promptly furnished to the stock exchange for display on its web site.

Both "Management Discussion and Analysis" and "Shareholders Information" forms part of the Annual Report.

9) General Information for Shareholders :

- i) Date, Time and Venue of the Annual General Meeting : 15th September, 2011 at 11.30 A.M. Registered Office of the Company situated at Nandyal, Kurnool District, A.P.
- ii) Financial calendar – 1st April 2011 to 31st March 2012
Financial Reporting Un-audited
- | | |
|---|-----------------------------------|
| For the quarter ending June 30, 2011 | Second week of August 2011 |
| For the quarter ending Sept.30, 2011 | Second week of November 2011 |
| For the quarter ending December 31, 2011 | Second week of February 2012 |
| For the quarter ending March 31 2012 (audited) | Last week of May 2012 |
| Annual General Meeting for the year ending 31 st March, 2011 | 15 th September, 2011. |
- iii) Date of Book Closure : 12.09.2011 to 15.09.2011 (both days inclusive)
- iv) Dividend payment date : N.A.
- v) Listing on Stock Exchanges : The Company's shares are listed on: Bombay Stock Exchange Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. Listing fee was paid to the said Stock Exchange.

vi) Market Price Data :

Month	Stock Exchange Mumbai (BSE) Rs.	
	High (Rs.)	Low (Rs.)
April 2010	119.50	105.00
May 2010	122.70	101.05
June 2010	125.90	102.00
July 2010	134.00	105.00
August 2010	114.25	105.00
September 2010	113.00	101.00
October 2010	106.90	94.10
November 2010	104.90	85.00
December 2010	101.00	79.30
January 2011	104.90	77.00
February 2011	96.90	75.50
March 2011	77.90	64.25

vii) Registrar and Share Transfer Agents : M/s. XL Softech Systems Limited
3, Sagar Society Road No.2,
Banjara Hills Hyderabad - 500 034.
Tel : 040-23545913; 914 & 915
Fax : 040-23553214
Email : xlfield@rediffmail.com
Website : www.xlsoftech.com

7) a) Distribution of shareholding as on 31st March 2011 :

Nominal Value of Shares	No. of Shares Holders	Percentage of Share Holders	Shares Amount in Rs.	Percentage of Share Holders %
Upto - 5000	6948	94.13	6860430	4.28
5001 - 10000	209	2.83	1678310	1.05
10001 - 20000	92	1.25	1362250	0.85
20001 - 30000	28	0.38	702000	0.44
30001 - 40000	17	0.23	619570	0.39
40001 - 50000	15	0.20	694810	0.43
50001 -100000	23	0.31	1700620	1.06
100001 & above	49	0.66	146563400	91.50
Total	7381	100.00	160181390	100.00

b) Pattern of shareholding as on 31st March 2011

Category	No. of Shares	% of shareholding
A Promoter's holding:		
1 Promoters: Indian Promoters	1565802	9.78
Foreign Promoters	-	-
2 Persons acting in concert	<u>6534477</u>	<u>40.79</u>
Sub Total	<u>8100279</u>	<u>50.57</u>
B Non-Promoters holding		
3 Institutional Investors:		
A Mutual Funds and UTI	650	-
B Banks, Financial Institutions, Insurance companies(Central/ State Government Institutions/ Non-Govt.Institutions)	58660	0.37
C FIs	2888957	18.04
Sub-Total	<u>2948267</u>	<u>18.41</u>
4 Others		
A Private Corporate Bodies	1607892	10.03
B Indian Public	3053325	19.06
C NRIs/OCBs	308376	1.93
D Any other (Please specify)	-	-
Sub Total	<u>4969593</u>	<u>31.02</u>
Grand Total	<u>16018139</u>	<u>100.00</u>
Note: Total foreign shareholdings: (Including NRIs)	<u>308376</u>	<u>1.93</u>

11 Dematerialization of Shares and Liquidity:

As on 31st March, 2011, 91.41% Equity Shares have been dematerialized.

The Company's shares are available for demat with **National Securities Depository Limited and Central Depository Services (India) Limited**. As per directives issued by SEBI, it is compulsory to trade in the Company's Equity Shares in the dematerialized form with effect from September, 2001. The ISIN number allotted for trading in the Company's Equity Shares in Demat form is **INE167E01029** at both the Depositories.

During the year 2010-11, the company had received requests for de-materialization of 2142589 shares. The Company has acted upon all valid requests received for dematerialization during 2010-11.

As on 31st March, 2011 no requests were pending for demat confirmation

12) Plant Locations:

Registered Office	:	C-1 Industrial Estate, Bommalasatram Nandyal Kurnool District, A.P. - 518 502 Telephone No - 08514-222274 Fax No.08514-243350
Cement Works	:	Cement Nagar 518 206, Kurnool District, A.P. Tel : 08516-274638 Fax: 08516-274644
Central Administrative Office:		Plot No.188, Phase-II, Kamalapuri Colony, Hyderabad 500 073. Telephone Nos.040-23555317 Fax No.040-23555316

MANAGEMENT DISCUSSION AND ANALYSIS:

1. **Industry structure and development:**

In the earlier years the Cement Division was incurring losses due to its inability to operate continuously at optimum levels on account of inadequate working capital and high cost of production which is mainly due to high power consumption and coal when compared to industry norms of similar capacity. Now the management has taken various steps to optimize the production levels and taken necessary measures to reduce the cost of production. The efforts of the management have yielded results since 2006-07 and the company has started making profits.

2. **Opportunity and threats:**

Our cement plant being strategically located with high quality limestone mines very near to the plant can cater to the neighboring States of Tamilnadu, Karnataka, Goa and Kerala where the realizations are better. The Company has also made arrangements to augment its working capital by getting approval of working capital from bank and is looking to reach optimum operational levels. Further, the company is enhancing its capacity by modernization of Kiln No.1 whereby the existing capacity of kiln will be enhanced from the existing 550 M.Tonnes per day to 1800 M.Tonnes per day. The erection work is completed and the trial runs are under progress. The plant is likely to be commissioned during second quarter of the current financial year.

3. **Outlook:**

With the Government's focus on irrigation, housing and infrastructure projects like roads and ports, the outlook for the future is bright. Further infrastructure and rural housing are the major drivers for cement demand.

4 **Risks and concerns**

Any increase in transport, fuel and electricity costs without corresponding increase in selling prices may put pressure on the operating results.

GENERAL - SEGMENT-WISE PERFORMANCE TOGETHER WITH DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Segment-wise (only one segment) performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use of disposition and the transactions are authorized, recorded and reported correctly.

The internal control systems of the company comprises of statutory audit, cost audit and internal audit. The work of all the audits have been assigned to reputed, external, independent and qualified people.

The Audit Committee comprising of independent directors will reviews all quarterly, half yearly and annual financial statements.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The industrial relations at the plant and offices continue to be cordial during the year under review. The total number of employees at the end of the financial year 2010-11 on the rolls of the Company is 480 at Cement Division and Central Administrative Office.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government policies and regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations. The company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER ON FINANCIAL STATEMENTS OF THE COMPANY:

I, S. Sreedhar Reddy, Managing Director of M/s.Panyam Cements & Mineral Industries Limited do hereby certify that:

- a) We have reviewed the financial statements and the Cash Flow Statement for the financial year ended March 31, 2011 and that to the best of our knowledge and belief:
 - i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which are fraudulent, illegal and violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that:
 - a) There have been no significant changes in internal control over financial reporting during the year;
 - b) There have been no significant changes in accounting policies during the year; and
 - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Dt. 30th May, 2011
Hyderabad

For Panyam Cements & Mineral Industries Ltd.
S. SREEDHAR REDDY
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :

To
The Members of

M/s. Panyam Cements & Mineral Industries Limited

We have examined the compliance of conditions of Corporate Governance by M/s.Panyam Cements & Mineral Industries Limited for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 Corporate Governance. It is neither an audit nor 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievance remaining unattended/pending for more than 30 days.

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

For Brahmayya & Co.,
Chartered Accountants
Firm's Registration No.000514S

Hyderabad (Camp)
Dt. 30th May, 2011

B.DAIVADHEENAM REDDY
Partner
M.No.026450

AUDITORS' REPORT:

To
The Members of
M/s. Panyam Cements & Mineral Industries Limited

1. We have audited the attached Balance Sheet of M/s.Panyam Cements & Mineral Industries Limited, as at 31st March, 2011 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purpose 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 cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except Accounting Standard-15, Accounting for Retirement Benefits, regarding gratuity on actuarial valuation.
 - v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, "subject to non provision of gratuity liability on actuarial valuation in respect of employees and the amount of gratuity liability is not ascertained by the company," 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 the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Brahmayya & Co.,
Chartered Accountants
Firm's Registration No.0005145

B. DAIVADHEENAM REDDY
Partner
M.No.026450

Hyderabad (Camp)
Dt. 30th May, 2011

ANNEXURE

Re: M/s. Panyam Cements & Mineral Industries Limited.

Referred to in paragraph 3 of our report of even date;

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) During the year, the company has not disposed off substantial part of fixed assets and the going concern status of the company is not affected.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 has maintained proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) (a) The company had taken unsecured loans in the earlier years from one Ex-Director (Director as on the date of loan taken) and from Associates/parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs.452.06 lakhs and the year end balance was Rs.435.85 lakhs. There are companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans/advances. The maximum amount involved during the year was Rs. 8370.61 lakhs and the year end balance of loans granted to such parties was Rs. 8370.61 lakhs.

- (b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) In respect of loans taken/granted by the company, the interest and the principal amount is repayable/receivable on demand.
- (d) There is no overdue amount in respect of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, since these are repayable/receivable on demand.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any public deposits under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same
- ix) (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it **except royalty and Income-Tax deducted/collected at source.**

According to the information and explanations given to us, **the following undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable and the due dates for payment of arrears of royalty and sales tax dues have been considered taking into consideration the deferment for payment of the said dues sanctioned by the Government of Andhra Pradesh as per G.O.Ms.No.307 dated 24th May, 2006.**

Statement of arrears of statutory dues outstanding for more than six months:

Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to which the amount relates
APGST Act	Andhra Pradesh Sales Tax	36.11	Arrears upto 2005-06
CST Act	Central Sales Tax	0.33	2006-07
T.N.G.S.T.Act	Tamilnadu Sales Tax	51.88	March 1999 to Feb.2000
Goa G.S.T.Act	Goa Sales Tax	11.55	Feb.1999 to Feb.2000
A.P.G.S.T.Act (Consignment Agents in different States)	Consignment Sales Tax	45.78	1998-99 to 2003-04
CST Act	Central Sales Tax	0.88	2009-10
Professional Tax Act	Profession Tax collections	1.13	Oct. 2000 to Aug. 2005
Professional Tax Act	Profession Tax collections	2.41	Sept. 1999 to April 2005
Income Tax Act, 1961	I.T.D.S. from Salaries	4.90	2003-04
Income Tax Act,1961	I.T.D.S. from Interest	25.56	2001-02, 2003-04 to 2005-06
Income Tax Act, 1961	I.T.D.S. from Professional	1.24	2002-03, 2003-04 to 2005-06
Income Tax Act,1961	I.T.D.S. from contractors	1.96	2000-01 and 2001-02
Income Tax Act, 1961	I.T.D.S. from contractors	14.14	December 1999 to Aug.05
Income Tax Act, 1961	T.C.S.on Royalty	5.60	2009-10 and upto Aug.2010
Non-Agricultural Land Assessment Tax	NALA on factory land	9.29	1993-94 and from 1999-2000 to June 2010.
Mines and Minerals	Dead Rent/cess on limestone	2.33	1984-85 to 1986-87
Mines and Minerals	Royalty on limestone	125.69	April 2010 to August 2010
Mines and Minerals	State Cess on Limestone	9.35	2006-07 to August 2010
Panchayat Tax Act	Property Tax	4.62	1998-99 to 2006-07
E.P.F.Act	P.F. Recoveries and contributions	51.79	April 2005 to December 2005

(c) According to the information and explanations given to us, the following are the statutory dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of dispute.

Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to Which the amount relates	Forum where dispute is pending
TNGST Act	Tamilnadu Sales Tax	5.56	1994-95	Remanded to Assessing Officer by the Appellate Tribunal
Central Excise Act	CENVAT credits availed on D.G.Sets disallowed by the Dept.	232.36	Feb.97 to June 1999	Commissioner (Appeals)
.do.	CENVAT credit availed on Proclain Shovel	4.80	1994-95	A.P.High Court
.do.	CENVAT credit availed on refractory bricks	4.37	1994-95	A.P.High Court
.do.	CENVAT credit availed on service tax paid on outward freight	24.52	December 06 to August 07	Commissioner Tirupathi
.do.	-do-	28.54	September 07- February 08	Commissioner, Tirupati.
.do.	-do-	12.88	April 2009 August 2009	Commissioner Tirupati.
.do.	Differential Duty for Supplies made to Direct parties	40.63	March 2007 to February 2008	Appeal in CESTAT, Bangalore
.do.	Duty on captive consumption	1.46	2007-08	Appeal in CESTAT Bangalore
.do.	-do-	0.87	2008-09	Appeal in CESTAT Bangalore
.do.	Differential Duty on D.G.Set	42.37	2007-08	Appeal in CESTAT, Bangalore
.do.	-do-	10.24	2004-05	A.P.High Court
.do.	Cenvat on Capital Goods (TMT Bars)	41.77	2008-09	Commissioner, Tirupathi.
.do.	-do-	0.34	2009-10	Asst. Commissioner, Kurnool
.do.	Irregular availment of CENVAT Credit	413.38	July 2006 to November 2007	Commissioner, Tirupathi.
	CENVAT on Serive Tax on outward GTA	20.10	December 2009 to April 2010	Addl. Commissioner, Tirupathi
P.F.Act	Penal damages for delay payments.	399.69	May 1999 to Sept.2001	Commissioner of Pro-vident Fund,Kadapa
VAT.Act	Differential tax on Consignment Sales	92.59	2007-08 & 2008-09	Appellate Deputy Commissioner, Kurnool
Income Tax Act, 1961	Capital Gains Tax on land development Agreements	2378.48	2007-08	Commissioner of Income Tax (Appeals) Hyderabad.

- x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks, Financial Institutions and debenture holders **except interest dues to J.M.Capital Management Private Limited of Rs.11.51 lakhs and there are delays in payment of interest and term loan installments to Banks and an amount of Rs.185.41 lakhs outstanding towards interest and term loan installments at the year end on 31.03.2011 was paid in the subsequent year 2011-12.**
- xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others (Cheran Cement Limited and S.P.Y.Agro Industries Limited) from banks or financial institutions (SIPCOT in respect of Cheran Cement Ltd and State Bank of India, State Bank of Hyderabad; Bank of India, Syndicate Bank and Indian Overseas Bank in respect of S.P.Y.Agro Industries Limited) are not prima facie, prejudicial to the interest of the company
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) According to the information and explanations given to us, during the year under report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures and hence creation of securities does not arise.
- xx) According to the information and explanations given to us, during the year covered by our report, the company has not raised any money by public issue.

In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Brahmayya & Co.,
Chartered Accountants
Firm's Registration No.0005145

B.DAIVADHEENAM REDDY
Partner
M.No.026450

Hyderabad (Camp)
Dt. 30th May, 2011

BALANCE SHEET AS AT 31st MARCH 2011

Schedule	As At 31st March 2011		As At 31st March 2010	
	Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS				
Shareholders' funds:				
Share Capital	1	162141085.00	162141085.00	
Reserves and Surplus	2	331293019.50	493434104.50	331293019.50
Loan Funds:				
Secured Loans	3	913668705.59	605238926.40	
Unsecured Loans	4	409592317.37	1323261022.96	463771873.44
Advance against Bangalore Property development			711929000.00	725510000.00
Total			2528624127.46	2287954904.34
APPLICATION OF FUNDS:				
Fixed Assets:				
Gross Block	5	815062455.70	682043613.41	
Less: Depreciation		494051319.02	443535274.76	
Net Block		321011136.68	238508338.65	
Capital Works-in-Progress		847369195.78	1168380332.46	946864699.85
Investments	6		3816200.00	3816200.00
CURRENT ASSETS,	7			
LOANS AND ADVANCES:				
Inventories		189674399.75	180852558.71	
Sundry Debtors		182823468.78	164981935.49	
Cash and Bank Balances		30304547.09	33209353.15	
Other Current Assets		1912284.00	1864526.00	
Loans and Advances		1058421253.21	1104980852.62	
Total		1463135952.83	1485889225.97	
Less: Current Liabilities & Provisions	8	525394736.49	529181150.85	
Net Current Assets / Liabilities (-)			937741216.34	956708075.12
Loss per Profit & Loss Account			418686378.66	380565929.37
Total			2528624127.46	2287954904.34

As Per our report of even date attached

For BRAHMAYYA & CO.,
Chartered Accountants
Firm's Regn. No. 0005145

B.DAIVADHEENAM REDDY
Partner
M.No. 026450

Place : Hyderabad
Date: 30th May, 2011

For and on behalf of the Board
M/s. Panyam Cements & Mineral Industries Limited

S.SREEDHAR REDDY
Managing Director

S.P.Y. REDDY
Chairman

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

	Schedule	FOR THE YEAR ENDED	
		31st March 2011 Rupees	31st March 2010 Rupees
INCOME :			
Gross Sales		1582653342.00	1594390206.00
Other Income	9	45325382.88	140426101.37
Total		<u>1627978724.88</u>	<u>1734816307.37</u>
EXPENDITURE:			
Manufacturing, administrative and selling expenses	10	1512678608.87	1383535748.11
Interest	11	78229690.04	121213933.52
Depreciation		50516044.26	33883530.00
Decrease(+)/Increase (-) in stocks	12	23925344.00	-39247936.00
Net Prior Period Expenses / Income (-)		749487.00	1746421.00
Deferred revenue expenditure written off		0.00	28285409.46
Total		<u>1666099174.17</u>	<u>1529417106.09</u>
Net Profit/(Loss) before Tax		-38120449.29	205399201.28
Provision for Tax-Income Tax		0.00	60000000.00
Net Profit/(Loss) After Income Tax		-38120449.29	145399201.28
Loss (-) brought forward from previous Year		-380565929.37	-525965130.65
Loss (-) carried to Balance Sheet		<u>-418686378.66</u>	<u>-380565929.37</u>
Earning/(-)Loss per share basic & diluted (face value of Rs.10/-)	(Loss)	-2.40	9.06

As Per our report of even date attached

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Regn. No. 000514S

B.DAIVADHEENAM REDDY
Partner
M.No. 026450

Hyderabad
Date: 30th May, 2011

For and on behalf of the Board
M/s. Panyam Cements & Mineral Industries Limited

S.SREEDHAR REDDY
Managing Director

S.P.Y. REDDY
Chairman

SCHEDULES TO BALANCE SHEET

SCHEDULE - I

Share Capital

Authorised

Preference :

		As At 31st March 2011 Rupees	As At 31st March 2010 Rupees
5500 - 15% Redeemable 'A' Cumulative Preference Shares of Rs. 100/- each	550000.00	550000.00	
23500 -15% Redeemable 'B' Cumulative Preference Shares of Rs. 100/- each	2350000.00	2350000.00	
21000 -14% Redeemable 'C' Cumulative Preference Shares of Rs. 100/- each	2100000.00	2100000.00	
250000 Preference Shares of Rs. 100/- each	<u>25000000.00</u>	<u>25000000.00</u>	

30000000.00 30000000.00

EQUITY :

1,85,00,000 Equity Shares of Rs. 10/- each 185000000.00 185000000.00

Total 215000000.00 215000000.00

Issued :

Preference:

20942 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/- each 2094200.00 2094200.00

Equity:

1,39,32,770 Equity Shares of Rs.10/- each 139327700.00 139327700.00

20,90,909 Equity Shares of Rs 10/- each at a Premium of Rs. 45/- each 20909090.00 20909090.00

Total 160236790.00 160236790.00

Subscribed & Fully paid up:

Preference:

19299 - 14% Redeemable 'C' Cumulative * Preference Shares of Rs.100/- each 1929900.00 1929900.00

Equity:

1,60,18,139 Equity Shares of Rs. 10/- each 160181390.00 160181390.00

Add: Forefeitted Shares (Amount paid up) 29795.00 29795.00

160211185.00 160211185.00

Total 162141085.00 162141085.00

Paid up Equity Share Capital includes 91777 Equity Shares of Rs.100/- each which were allotted as fully paid up for consideration other than cash pursuant to the Scheme of Amalgamation of the erstwhile Deccan Wires Limited with the Company.

*'C' Cumulative Preference Shares have fallen due for redemption on 25.07.1999 and the Company has requested institutional shareholders for extension of repayment period.

SCHEDULE - 2	As At 31st March 2011		As At 31st March 2010	
	Rupees	Rupees	Rupees	Rupees
RESERVES AND SURPLUS				
Capital Reserve Per Last Balance Sheet		229717814.50		229717814.50
Capital Redemption Reserve Per last Balance Sheet		7419300.00		7419300.00
Share Premium Per last Balance Sheet		94155905.00		94155905.00
Total		<u>331293019.50</u>		<u>331293019.50</u>
SCHEDULE - 3				
SECURED LOANS				
I. From Banks				
1) Term Loans from Indian Overseas Bank (Term Loan I Rs. 15.00 Crores repayable in 16 Quarterly Installments from Aug, 2009. Term Loan II Rs. 10.50 Crores repayable in 28 Quarterly Installments from Dec, 2010. Term Loan III Rs. 1.50 Crores repayable in 24 Quarterly installments from Dec'2012 and Short Term Loan IV Rs. 3.00 Crores repayable within 120 days	224583798.00		221748420.00	
2) Term Loan from State Bank of Hyderabad (Term Loan 1 Rs. 21.70 Crores Repayable in 22 Quarterly installments from Dec 2010. and Term loan II Rs. 13.00 Crores repayable in 24 Quarterly installments from October 2012.) Interest accrued and due	250310423.00		213771578.00	
	4891323.00		4389900.00	
Total		479785544.00		439909898.00
(Secured by first pari pasu charge on all the fixed assets and second charge on all Current Assets of the company and also by personal guarantee of Sri S.P.Y.Reddy, Chairman, Sri S.Sreedhar Reddy, Managing Director and Sri V.Ramnath, Director and Eknath Ganesh, and V.Venkat Rao, Share holders)				
3) Working Capital Loans from :				
Indian Overseas Bank	58823615.36		108416438.61	
State Bank of Hyderabad	80437917.00		-	
State Bank of India	160176884.00		-	
		299438416.36		108416438.61
(Secured by Hypothication of Inventory of raw materials, finished goods, Stocks in-Process and Book Debts. and first pari pasu charge on the current assets and second charge on fixed Assets of the company and also by the personal guarantee of the above Directors and shareholders)				

c. Deferred Payment Credit	As At 31st March 2011		As At 31st March 2010	
	Rupees	Rupees	Rupees	Rupees
I. Under Bills Rediscounting Scheme with BOB Interest accrued and due	44100.00 <u>7969.00</u>		44100.00 <u>7969.00</u>	
		52069.00		52069.00
II. Privately placed Secured Redeemable Non-Convertible Debentures of Rs.100/- each (Redeemed during the year 2005-06) Interest accrued and due		1151110.00		1151110.00
III. Hire Purchase Finance (Secured by Hypothecation of equipment and vehicles purchased and personal guarantee of two Directors of Company)		132959226.23		55630441.79
Interest Accrued & Due		<u>282340.00</u>		<u>78969.00</u>
Total :		<u>913668705.59</u>		<u>605238926.40</u>
SCHEDULE - 4				
UNSECURED LOANS				
Arrears of Sales Tax and Royalty (Sales Tax payable in Five Years Quarterly Installments from 24.08.2006 and Royalty payable in 8 years from 24.05.2008)		51601029.44		75277418.44
Inter Corporate Loans/Deposits		312403283.93		324345622.00
Other Loans		0.00		1620854.00
Unsecured Loans from promoters group		43585000.00		43585000.00
Interest accrued and due		2003004.00		18942979.00
Total :		<u>409592317.37</u>		<u>463771873.44</u>

SCHEDULE TO BALANCE SHEET SCHEDULE 5 : FIXED ASSETS											
S.No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31st March 2010	Additions during the Year	Deductions during the Year	As at 31st March 2011	Upto 31st March 2010	For The Year 2011	Deductions during the year	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
1	Freehold Land	75729931.58	6000000.00	0	81729931.58	0	0	0	0	81729931.58	75729931.58
2	Buildings-Factory	20585732.89	801822.79	0	21387555.68	17988202.00	285698.34	0	1873900.34	3113655.34	2597530.89
3	Buildings-Residential	12465460.84	75284.50	0	1321745.34	9804568.00	571876.64	0	10376444.64	2841300.70	2660892.84
4	Roads, Culverts & Bridges	827210.65	0	0	827210.65	687579.00	6981.58	0	694560.58	132650.07	139631.65
5	Wells & Water Works	5190609.38	0	0	5190609.38	3700693.00	74495.81	0	3751888.1	1415420.57	1489916.38
6	Plant & Machinery	36900710.40	0	0	36900710.40	281382004.00	8827901.86	0	290209905.86	78797204.54	87625106.40
7	Electrical Installation	6452728.57	0	0	6452728.57	6373103.00	12206.59	0	6385309.59	67418.98	79625.57
8	Telephone Installations	552852.21	0	0	552852.21	337704.00	29927.12	0	367631.12	185221.09	215148.21
9	Railway Siding & Weigh Bridge	1389296.85	0	0	1389296.85	722740.00	92718.06	0	815458.06	573838.79	666556.85
10	Aerial Ropeway	9471239.56	0	0	9471239.56	9400673.00	21034.06	0	9421707.06	49532.50	705666.56
11	Quarry Equipment	13717640.08	22174102.00	0	15929174.208	84709098.76	21530436.15	0	106239534.91	5305207.17	52408541.32
12	Workshop Equipment	657815.38	0.00	0	657815.38	648244.00	341.06	0	648585.06	9230.32	9571.38
13	Mining Lease & Mineral Prospecting Rights	218225.74	0.00	0	218225.74	214232.00	555.53	0	214787.53	3438.21	3993.74
14	Laboratory Equipment	729523.31	0.00	0	729523.31	301367.00	59556.54	0	360923.54	368599.77	428156.31
15	Furniture, Fixtures & Office Equipment	18756040.75	5636204.00	0	24392244.75	14383446.00	1881853.30	0	16765299.30	8126945.45	4372594.75
16	Vehicles	22843246.83	97654429.00	0	120497675.83	12833381.00	17120363.08	0	29953744.08	90543931.75	10009865.83
17	Library	48948.39	0	0	48948.39	48240.00	98.54	0	48338.54	609.85	708.39
	TOTAL	682043613.41	133018842.29	0	815062455.70	443535274.76	50516044.26	0	494051319.02	32101136.68	238508338.65
	Previous Year	662547617.41	19495996.00		682043613.41	409651744.76	33883530.00		443535274.76	238508338.65	252893872.65

SCHEDULE - 6 INVESTMENTS (AT COST) NON TRADE IN SHARES (FULLY PAID)		As At 31st March 2011	As At 31st March 2010
	Rupees	Rupees	Rupees
UNQUOTED			
Panyam Cements Co-Operative Stores Limited, Cement Nagar	2500.00		2500.00
Sri Somappa Co-Operative Housing Building Society Limited, Kurnool	500.00		500.00
350000 Equity Shares of Rs. 10/- each in Cheran Cement Limited.	3500000.00		3500000.00
1000 Redeemable 13% Preference Shares of Rs. 10/- each in CEAT Finance Ltd.,	10000.00	3513000.00	10000.00
10000 Units of Rs. 10/- each fully paidup of BOB Mutual Fund.	100000.00		100000.00
7800 Equity Shares of Vijaya Bank at Rs.10/- each * and 300 Shares at Rs. 24/- Per Share of face value of Rs.10/- each.	85200.00		85200.00
900 Equity Shares of Gujarat State Finance Corporation of Rs. 10/- each at a premium of Rs. 6.16 per share. (Market value not available)	18000.00		18000.00
Principal Focussed Advantage Fund, Mumbai 10,000 units of Rs. 10/- each. (Market value not available)	100000.00	303200.00	100000.00
Total :		<u>3816200.00</u>	<u>3816200.00</u>
* Aggregate Market Value of Quoted Investments Rs.4,15,530/- (Previous year Rs. 4,15,530/-) and for other quoted investments market values are not available.			

SCHEDULE - 7 CURRENT ASSETS, LOANS AND ADVANCES		As At	
		31st March 2011	31st March 2010
CURRENT ASSETS	Rupees	Rupees	Rupees
Inventories			
(As Certified and valued by the Management)			
Stores & Spares, Packing and Consumables/ Fuel		103626615.09	78831335.17
Raw Materials		40944813.66	32992908.54
Process Stocks		37627748.00	59601930.00
Finished Goods		7475223.00	9426385.00
Total :		<u>189674399.75</u>	<u>180852558.71</u>
SUNDRY DEBTORS (Unsecured)			
Less than six months	61055004.25		54553312.90
Outstanding for more than six months			
Considered good	108063444.08		97425531.57
Considered doubtful	23705020.45		23003091.02
		192823468.78	174981935.49
Less : Provision for doubtful debts.		10000000.00	10000000.00
Total :		<u>182823468.78</u>	<u>164981935.49</u>
CASH AND BANK BALANCES:			
Cash on hand		2549381.91	2757245.54
Balances with Scheduled Banks			
i. In Current Accounts	5408733.27		13447742.70
ii. In Deposit Accounts	22346431.91		17004364.91
(Margin Money & RD with Interest)			
		27755165.18	30452107.61
Total :		<u>30304547.09</u>	<u>33209353.15</u>
Other Current Assets			
Interest accrued & receivable		1912284.00	1864526.00
Total :		<u>1912284.00</u>	<u>1864526.00</u>
LOANS AND ADVANCES			
Advances recoverable in Cash or in kind or for value to be received (Unsecured considered good)			
Advances to Staff and Workmen		108708.29	199397.29
Advances for Capital Works		1468965.00	2032263.00
Advance to contractors/others		24006982.60	43006678.44
Income Tax paid/ TDS		105690740.00	80665084.00
Deposits with Govt.Dept.and Others		46144989.31	52101154.75
Incentive receivable from State Govt.		43939393.00	128062343.00
Inter Corporate Deposits		837061475.01	798913932.14
Total :		<u>1058421253.21</u>	<u>1104980852.62</u>
SCHEDULE 8			
CURRENT LIABILITIES AND PROVISIONS			
Sundry Creditors		108096990.98	139054042.06
Customers Credit Balances		92320085.91	73175071.71
Trade Deposits		31500492.79	29958486.79
Other Liabilities		193477166.81	186993550.29
		425394736.49	429181150.85
Provision for Income Tax		100000000.00	100000000.00
Total :		<u>525394736.49</u>	<u>529181150.85</u>

SCHEDULE TO PROFIT AND LOSS ACCOUNT SCHEDULE 9	FOR THE YEAR ENDED	
	31st March 2011 Rupees	31st March 2010 Rupees
OTHER INCOME		
Interest (Gross)	37555320.47	89511269.49
(Income Tax deducted at source Rs.2249942/- Previous year Rs.17406841/-)		
Dividend (Gross)	20250.00	8100.00
Sale of Scrap	6024671.00	5140467.00
Rent Recovered	446846.00	762565.00
Miscellaneous Income	1278295.41	237069.88
	45325382.88	95659471.37
State Incentives	0.00	44766630.00
Total	<u>45325382.88</u>	<u>140426101.37</u>
SCHEDULE 10		
(I). MANUFACTURING EXPENSES		
Consumption of Raw Materials	133632820.88	136286229.03
Consumption of Stores and Spares	63658640.73	46757678.41
Consumption of Packing Materials	51027375.00	49205682.00
POWER & FUEL		
a. Power	188268467.00	189477298.09
b. Fuel	368182903.65	323450543.46
REPAIRS & MAINTENANCE		
a. Buildings	44668.00	140483.00
b. Plant & Machinery	26240343.30	32496632.68
c. Others	9161096.07	9009880.50
EXCISE DUTY		
	169715767.00	154311909.00
Sub-Total (i)	<u>1009932081.63</u>	<u>941136336.17</u>
(II) ADMINISTRATIVE EXPENSES		
SALARIES, WAGES AND BENEFITS TO EMPLOYEES		
a. Salaries, Wages and Bonus	53504748.86	46336152.46
b. Contribution to Provident Fund	2408765.00	1948829.00
c. Gratuity / Superannuation	202063.00	0.00
d. Workmen and Staff Welfare Expenses	17713320.99	17608060.60
	73828897.85	65893042.06

	FOR THE YEAR ENDED	
	31st March 2011	31st March 2010
Rent	46800.00	68600.00
Rates and Taxes	2604866.00	2066549.00
Printing & Stationery	835689.70	553341.00
Postage, Telegrams and Telephones	921400.50	808539.00
Travelling Expenses	2709328.50	2315912.50
Directors' Sitting Fee	103500.00	40000.00
Directors' Remuneration	1500000.00	700000.00
Directors' Travelling Expenses	44320.00	155947.00
Remunerations to Statutory Auditors		
i. Audit Fee	275000.00	275000.00
ii. For Tax Consultation	50000.00	50000.00
iii. For Certifications	25000.00	25000.00
iv. For Travelling expenses	37270.00	6450.00
Remuneration to Cost Auditor		
i. Cost Audit Fee	25000.00	25000.00
ii. Travelling expenses	2000.00	3900.00
Legal and Professional Charges	2070233.00	1294985.00
Subscriptions	153489.00	93074.00
Advertisement	2343289.00	3455696.00
Insurance	1880625.00	1083961.00
Vehicle Expenses	1080959.39	1079466.44
Miscellaneous Expenses	3065588.17	2544913.69
Bank Charges	2872562.54	1073675.65
Donations	750263.00	1119560.00
Bad Debts Written off	503478.89	0.00
Sub-Total (ii)	<u>97729560.54</u>	<u>84732612.34</u>
III. SELLING EXPENSES		
Freight and Forwarding Expenses	153232058.83	152927997.00
Rebates and Discounts	42513973.30	35173255.00
Price diff ./Sales Commission/selling expenses	53884759.57	32705152.60
Sales Tax (including T.O.T)	155386175.00	136860395.00
Sub-Total (iii)	<u>405016966.70</u>	<u>357666799.60</u>
Total (I+ii+iii)	<u>1512678608.87</u>	<u>1383535748.11</u>

	FOR THE YEAR ENDED	
	31st March 2011 Rupees	31st March 2010 Rupees
SCHEDULE - 11		
INTEREST		
On Working Capital borrowings	18278308.00	9830168.00
On Inter Corporate loans and Others	59951382.04	111383765.52
Total :	<u>78229690.04</u>	<u>121213933.52</u>
SCHEDULE 12		
DECREASE/(INCREASE) IN FINISHED AND PROCESS STOCKS		
Finished Goods :		
Opening Stock	9426385.00	6187413.00
Closing Stock	7475223.00	9426385.00
Total :	<u>1951162.00</u>	<u>-3238972.00</u>
Process Stock :		
Opening Stock	59601930.00	23592966.00
Closing Stock	37627748.00	59601930.00
Total :	<u>21974182.00</u>	<u>-36008964.00</u>
	<u>23925344.00</u>	<u>-39247936.00</u>
SCHEDULE 13		
PRIOR PERIOD EXPENSES		
Prior Period expenses (+)	749487.00	2067421.00
Prior Period Income (-)	0.00	321000.00
Total :	<u>749487.00</u>	<u>1746421.00</u>

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. ACCOUNTING POLICIES:

1.01) Depreciation:

Depreciation is provided on straight line method in respect of some plant and machinery situated at Cement Division and all other assets have been depreciated on Written down Value method. Depreciation has been calculated at the rates specified in Schedule XIV to the Companies Act, 1956 as modified by the Department of Company Affairs vide Notification No.GSR 756(E) dated 16th December, 2003.

1.02) Valuation of Inventories:

- i) Raw materials, stores and spares valued at weighted average cost.
- ii) Process stock and finished goods valued at cost or market price whichever is lower.
- iii) Waste and scrap valued at realizable value.

1.03) Gratuity and Superannuation:

Gratuity /superannuation provided on retirement of employees.

1.04) Insurance Claims:

Insurance claims are taken on the basis of claims lodged/accepted.

1.05) Investments:

Investments are valued at cost.

1.06) Fixed Assets and Capital works-in-progress:

Fixed Assets are stated at cost (Net of CENVAT credit) and including related financial costs till commencement of commercial production less accumulated depreciation. Capital work-in progress includes advances paid for capital items/works. Indirect and pre-operative expenses related or attributable to the capital works and trial run expenses incurred upto commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial production.

1.07) Segment Reporting:

The business activity and geographical operations of the company is in one segment of cement product and segment reporting is not applicable.

1.08) Lease:

Lease payments in respect of operational leases are recognized as an expenditure on due and payable basis as per the lease agreements and the future lease payments under non cancelable operational leases for each period are disclosed in notes to accounts.

1.09) Accounting for taxes on income:

- a) Current tax and deferred tax liability, if any, for the year is recognized for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.
- b) Deferred tax liability as on 31.03.2011, if any, is recognized for all timing differences arising on account of difference in methods/rates of depreciation and deferred tax asset is considered in respect of deferred revenue expenditure and expenditure allowable under section 43B and carry forward losses/allowances on the principle of prudence.

		Rupees in Lakhs	
		2010-2011	2009-2010
2	Contingent Liabilities not provided for :		
	a) As a signatory to the Memorandum of Cement Allocation and Co-ordinating Organization	1.00	1.00
	b) Guarantees given by the Bankers/Letters of Credit(Net of margin money paid)	66.80	19.28
	c) Corporate guarantee given to SIPCOT for the financial assistance availed by M/s.Cheran Cement Limited estimated Liability.	1445.00	1000.00
	d) Corporate guarantee given to SBI, SBH, Bank of India, Syndicate Bank and Indian Overseas Bank for financial assistance availed by S.P.Y. Agro Industries Limited	7742.77	6569.69
	e) Arrears of dividend on "C" Cumulative Preference shares held by institutions, being not redeemed and requested for extension of time	32.40	29.70
	f) Estimated amount of contracts remaining to be executed on capital account(Net of advances)	765.65	1724.12

		Rupees in Lakhs	
		2010-2011	2009-2010
3.	Claims against the Company not acknowledged as debts and not provided for:		
a)	CENTRAL EXCISE AND CUSTOMS MATTERS: Modvat credits availed and utilized were subsequently disallowed by the Department and demand for differential duty and show cause notice for irregular availment of Cenvat credit(July 2006 to November 2007). The Company has contested in appeals and are pending with the Commissioner of Appeals or CEGAT and/or A.P.High Court (paid under protest Rs.2.33 lakhs)	878.62	859.00
b)	ELECTRICITY MATTERS: Claim of APSEB for 10% voltage surcharge for the period from September 1983 to November 1984 contested. High Court granted the stay and directed APSEB to dispose off the pending representations made by the company.	108.73	108.73
c)	INCOME TAX MATTERS: Demand raised on 31.12.2010 by the Assessing Officer(Addl.CIT, Kurnool) for the Assessment year 2008-09 for payment of capital gains tax on Bangalore(Wire Division) land Joint Development Agreement, which is contested by the company before the Commissioner of Income Tax (Appeals), Hyderabad and the appeal is pending.(Paid under protest Rs.100.00 lakhs) and got stay from the Commissioner for the balance amount	2378.48	Nil
d)	COMMERCIAL TAX MATTERS:		
i)	Demand raised by the Commercial Tax Department, Tamilnadu in respect of levy of penalty for the assessment year 1994-95 contested in appeal before Appellate Authority and the matter was remanded to assessing authority.	5.56	5.56

		Rupees in Lakhs	
		2010-2011	2009-2010
ii)	Demand raised by the Commercial Tax Department, Karnataka for payment of assessed tax and interest up to 21.11.2008 for the years 1997-98 to 2000-01 contested before the assessing authority.During the year settled under "Kara Samadhan Scheme" and paid the amount(Previous year net of payments Rs.94.90 lakhs and liability in the books Rs.29.73 lakhs)	Nil	415.46
iii)	During the year demand raised by the Asst. Commissioner (CT) Audit, Kurnool for payment of differential tax for the years 2007-08 and 2008-09, contested in appeal before the Appellate Dy. Commissioner, Kurnool and the Appeal was partly remanded and partly disallowed. (Paid under protest Rs.11.57 lakhs)	92.59	Nil
e)	Penal Interest\damages on P.F.Dues: The Department has levied penal interest and damages for delay in P.F.payments for the the period from May 1989 to September 2001 and the company requested for waiver. (Paid during the year Rs.28.19 lakhs - (Previous year paid Rs.79.65 lakhs)	399.69	277.35
f)	Suits filed against the Company and the Developers of Bangalore Property, during the year in the Court of City Civil Judge, Bangalore by two prospective buyers (Kare Electronics and Developments Private Limited and Pranava Electronics Private Limited) for specific performance of agreements to sell the property of Bangalore land under development agreements and for refund of advances paid under the agreements to sell with interest, damages and value of undivided right, title, interest in the land entitlement as per the agreements to sell, which were contested by the company and the matter is pending before the Court.	66625.12	Nil
g)	OTHER MATTERS: Suits filed by the parties against the company and pending in Appeals/Courts	126.34	146.40

4. Under The Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro and Small Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures could not be made.

5. Disclosure of discontinued operations of Wire Division and Chemical Division:

The operations of the Engineering Division were permanently discontinued from October 2005 and the division was closed on 31.01.2006. The company has entered into an agreement for joint development of land with the developers. As per the requirements of Accounting Standard (AS-24), the book values as at 31.03.2009 of fixed assets (land, office equipment, furniture and vehicle etc.) of Rs.759.95 lakhs were not shown separately but included under relevant heads of account and the amount received from joint developer during the year of Rs.65.00 lakhs (Previous year Rs.Nil) and advances received from intending buyers during the year of Rs. Nil (Previous year Rs.NIL lakhs) and repayments made to parties during the year Rs.200.81 lakhs (Previous year Rs.356.50 lakhs) shown separately under sources of funds as advance against property development. There was no revenue income expenses incurred during the year and in previous year.

The operations of the Chemical Division were permanently discontinued and the division was closed on 31.03.1998. During the year 2008 09, the company has disposed off the total land and buildings of the division and during the year no expenses were incurred.

6. Belated charges/overdue interest on delay in payment of statutory dues/liabilities have not been provided in the absence of demand for the same.

7. The balances of sundry debtors, sundry creditors, other liabilities, advance to suppliers for raw materials and spares, other advances including claims and deposits have been shown as appearing in the books of account and are subject to reconciliation and confirmation.

8. Lease payments:

There are no lease payments during the year and no liability in future years.

9. Deferred Tax Liability

There is no deferred tax liability as on 31.03.2011 on account of business loss/depreciation and expenditure allowable under section 43B of the I.T. Act, 1961.

10. Segment Reporting

The business activity and geographical operations of the company is in one segment of cement product and hence segment reporting is not applicable.

11. Related party transactions:

The following are the transactions of the related parties, which are related on account of shareholding by key management personnel and their relatives viz. Sri S.P.Y.Reddy, Chairman , Sri S.Sreedhar Reddy, Managing Director and other Directors and the Associated Companies ..

Rs. in lakhs					
Sl.No.	Nature of Transaction	Amount of the Year		Balance as at	
		2010 - 11	2009 - 10	31-03-11	31-03-10
1.	Sales/ advances and receivable (Cheran Cement Limited)	-	7.55	264.23	264.23
2.	Remuneration to Managing Director	15.00	7.00	1.08	0.75
3.	Sitting Fee to other Directors	1.04	0.40	Nil	Nil
4.	Corporate Guarantee given to SIPCOT and TIIC for financial assistance availed by Cheran Cement Limited(Repaid to TIIC Under final settlement)	445.00	148.69	1445.00	1000.00
5.	Corporate Guarantee given to SBI; SBH,Bank of India, Syndicate Bank and Indian Overseas Bank for Financial assistance availed by S.P.Y.Agro Industries Limited	1173.08	Nil	7742.77	6569.69
6.	Unsecured Loan from Ex-Director and repaid during the year	40.00	40.00	Nil	16.20
7.	Unsecured loans from Promoters/ Associates	-	435.85	435.85	435.85
8.	Purchases from and payable to associate company Sujala Pipes Private Limited	5.58	0.52	0.35	0.34
9.	Sales to and receivable from Associates/companies	308.14	172.25	638.48	551.89
10.	Advances/Inter-corporate Deposits given to Associates/ Companies	381.48	494.63	8370.62	7989.14

12. EARNING PER SHARE

Basic and diluted earnings/(Loss) per share (face value of Rs.10/-each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2011, comes to loss Rs.(2.40) (Previous year Rs.9.06).

The denominator for basic/diluted EPS is 16018139 Equity Shares of Rs.10/- each numerator is net loss after tax of Rs.381.20 lakhs for the year as per Profit and Loss Account(Previous year Rs.1453.99 lakhs)and as increased by the preference dividend for the year of Rs.2.70 lakhs on "C" Cumulative Redeemable Preference Shares, which is not provided.

Therefore basic/diluted loss per share = Net Loss of Rs.3,83,90,635/16018139 shares=Rs.(2.40).

13. Licensed and installed capacity, actual production, sales, opening and closing Stocks::

		Value Rs. in lakhs	
		Cement	
		2010-11	2009 -10
Licensed Capacity	MT	531000	531000
Installed Capacity	MT	531000	531000
Actual Production	MT	401072	433034
Sales(including self Consumption/samples):			
Finished goods			
Cement - Quantity	MT	402818	431804
Value	Rs.	15197.52	14884.55
Other products			
Clinker - Quantity	MT	27731	39369
	Rs.	629.01	1059.35
Opening Stock			
Cement - Quantity	MT	3750	2520
Value	Rs.	94.26	61.87
Closing Stock:			
Cement - Quantity	MT	2004	3750
Value	Rs.	74.75	94.26

5.390 M.Tonnes of samples during the year is included in the sales quantity (Previous year 5.305 M.Tonnes)

14. Details of Raw Materials consumed and purchased for resale :

	Rs. In Lakhs			
	2010 - 2011		2009 - 2010	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Limestone(Cement Grade)*	502535	346.61	576061	355.18
Laterite	35158	397.52	45716	495.90
Gypsum	18503	291.36	15194	224.99
Iron Ore	3088	34.24	10884	88.97
Clinker	7867	124.32	-	-
Others	30311	142.28	46454	197.82
		1336.33		1362.86

* represents royalty, welfare cess on own quarrying of limestone.

15. Value of imports calculated on CIF basis :

	Rs. In Lakhs	
	2010-11	2009 - 10
a) Raw Materials	Nil	Nil
b) Components and spare parts	Nil	Nil
c) Capital	Nil	Nil
Total	Nil	Nil

16 Value of exports calculated on FOB basis

17 Expenditure in Foreign Exchange:

i) Raw materials	Nil	Nil
ii) Travelling Expenses	Nil	Nil
iii) Others	Nil	Nil
Total	Nil	Nil

18 Value of imported and indigenous raw materials, components, spare parts and other materials consumed:

	2010 11		2009 - 10	
	Value	%	Value	%
Raw materials:				
Imported	Nil	Nil	Nil	Nil
Indigenous	1336.33	100.00	1362.86	100.00
Total	1336.33	100.00	1362.86	100.00
ii) Stores and spare parts:				
Imported	Nil	Nil	Nil	Nil
Indigenous	636.58	100.00	467.58	100.00
Total	636.58	100.00	467.58	100.00

19. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with the current year figures.

As Per our report of even date attached

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Regn/ No. 000514S

For and on behalf of the Board
M/s. Panyam Cements & Mineral Industries Limited

B.DAIVADHEENAM REDDY
Partner
M.No. 026450

S.SREEDHAR REDDY
Managing Director

S.P.Y. REDDY
Chairman

Place : Hyderabad
Date: 30th May, 2011

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1. Registration details:			
Registration No	: 546	State Code	: 01
Balance Sheet date	: 31. 03. 2011		
	Date Month Year		
2. Capital raised during the year (Rs.Thousands)			
Public Issue	: Nil	Right Issue	: Nil
Bonus Issue	: Nil	Private Placement	: Nil
3) Position of Mobilization and Deployment of Funds (Rs. In thousands)			
Total Liabilities	: 2528624	Total Assets	: 2528624
Source of Funds			
Paid-up Capital	: 162141	Reserves and Surplus	: 331293
Secured Loans	: 913669	Unsecured Loans	: 409592
		Advance for property Development	: 711929
Application of Funds			
Net Fixed Assets	: 1168380	Investments	: 3816
Net Current Assets	: 937741	Misc.Expenditure	: Nil
Accumulated Losses	: 418687		
4) Performance of Company (Rs.thousands)			
Total Income	: 1627979	Total Expenditure	: 1666099
Loss before Tax	: (-) 38120	Loss After Tax	: (-) 38120
Earnings per Share/ (Loss): (-)	(2.40)	Dividend rate	: Nil
(Face value of Rs.10/-.)			
5) Generic Names of Principal Products of Company			
<u>Product Description</u>		<u>ITC Code</u>	
Ordinary Portland Cement	:	2502-29	

M.No.....

No. of Shares :.....

FORM OF PROXY

PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

Registered Office: C-1, Industrial Estate, Nandyal Kurnool Dist - 518 502. A.P.

I/We.....of.....
.....in the district of.....being
a member/ members of the above-named Company hereby appoint.....
.....of.....
in the district of.....or failing him.....
.....of.....
in the district of.....as my/our proxy to
attend and vote for me/us on my/our behalf at the Fifty Fifth Annual General Meeting of the Company
to be held on Thursday, the 15th September, 2011 at 11.30 A.M. and at any adjournment thereof.

Signed this.....day2011

Signed.....

Affix
30 paise
Revenue
stamp

- N.B. : 1) This instrument should be in writing and should be deposited not less than 48 hours before the time of meeting.
- 2) Any member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member.