

ANNUAL REPORT

2012-13

// KALYANPUR //

Cements Limited

Board of Directors

Sri Satyadeva P. Sinha, Executive Chairman
Sri Shailendra P. Sinha, Managing Director
Sri Anant P.Sinha, Joint Managing Director
Sri Ashok Kumar Mallick (w.e.f. 03.08.2012)
Sri D.N.Bhandari
Sri B.C.Srivastava
Dr.K.C.Varshney
Sri Arun Sharma (Upto 09.05.2012)
Sri Mahendra Lodha
Sri K.Balasubramanian (Upto 24.05.2012)
Sri Dhananjay Lodha (Upto 20.09.2012)
Sri Bimlanand Jha (Upto 02.08.2012)

1. **Auditors**

M/s M. Mukerjee & Co.

2. **Internal Auditors**

M/s B. Gupta & Co.

3. **Cost Auditors**

M/s Mitra, Bose & Associates

Registered Office

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

Corporate Office

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

Audit Committee

Sri D.N.Bhandari, Chairman
Dr. K.C.Varshney
Sri Mahendra Lodha (w.e.f. 1.06.2012)
Sri Dhananjay Lodha (Upto 31.05.2012)
Sri Arun Sharma (Upto 09.05.2012)
Sri B.C.Srivastava

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

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

Senior Management

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

Factory

Banjari, Distt. Rohtas - 821 303
Bihar

DIRECTORS' REPORT**FOR THE YEAR ENDED 31st MARCH, 2013***The Shareholders,*

Your Directors submit herewith their Report together with the audited accounts for the year ended 31st March '2013

1. FINANCIAL RESULTS**(Rupees in Lacs)****Year ended 31.03.2013 Year ended 31.03.2012**

| | | |
|---|-----------|-----------|
| Total Turnover including other income | 27511.19 | 21464.70 |
| 1. Profit before depreciation, interest, tax and other appropriations | (957.16) | (2117.98) |
| 2. Less : | | |
| Finance Costs | 1582.59 | 1123.91 |
| Depreciation/Amortisation | 993.42 | 1467.11 |
| Fringe Benefit Tax | | 0.05 |
| 3. Net Profit/(Loss) | (3533.17) | (4709.05) |
| 4. Extra-ordinary Items | | (1388.46) |
| 5. Profit/(Loss) after Extraordinary Items | (3533.17) | (6097.51) |

2.0 PRODUCTION

Inspite of extremely challenging conditions, Clinker production registered highest ever capacity utilization of 92% as against 77 % last year. Even in Cement production, capacity utilization was higher at 74 % against 63 % last year. The operation of Clinker HPGR was affected in the third quarter on account of breakdown of the steel cord belt of the Bucket Elevator which had to be imported on urgent basis, but for which Company could have achieved highest ever capacity utilization in Cement also. The lower additive consumption due to inadequate quality of coal also contributed to shortfall in production.

3.0 FINANCIAL PERFORMANCE

The downturn in the economy continued for the third successive year with performance in all sectors lower than last year. Industrial growth slumped further to 3.1 % against 3.5 % last year. Service sector growth was 6.6 % against 8.6% last year. Agricultural production was also lower. As a result, GDP growth was lowest in a decade at 5 % against 6.9 % last year. With Reserve Bank of India continuing with a tight monetary policy, keeping borrowing cost high and with Govt. spending failing to take off in a significant way in view of the widening current account deficit, the sagging demand failed to receive a fillip.

4.0 FINANCES

The huge overcapacity in cement coupled with subdued demand kept the markets oversupplied and prompted long distance cement movement far away from natural markets inspite of high freight. Prices remained extremely

volatile, as increase in Cement price in the first quarter of 2012-13 following hike in Excise rates and freight could not be sustained in view of poor demand and increased competition, as a result of which prices declined in the 2nd and 3rd quarter and only marginally improved in the final quarter. The Company experienced severe working capital constraints on account of higher operating cost and slow offtake. As a result of the slowdown and inability to pass on the increased cost, the Company incurred losses, which were however lower compared to last year. Industrial power tariff in Bihar is amongst highest in the country and is more expensive approximately by Rs. 3 per KWH as compared to the Captive Power Generation Cost of other Cement Companies which has incidence of over Rs. 20 Crs.

5.0 DIVIDENDS

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

6.0 LISTING AGREEMENTS WITH STOCK EXCHANGES

The Company's Equity Shares are listed on the Calcutta Stock Exchange and Bombay Stock Exchange. There are no arrears of Annual Listing Fees pending with the Company.

7.0 AUDITORS' REPORT

Necessary explanations and replies to the qualifications / adverse comments made by the Auditors have been provided in **ANNEXURE - 1**.

8.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. followed the applicable accounting standards in preparation of the Annual Accounts for the year ended 31.03.13.
- ii. selected the accounting policies and applied them consistently and made judgements and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. prepared the Accounts on a going concern basis.

9.0 CORPORATE GOVERNANCE

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

10.0 DIRECTORS

Under Articles 108 & 109 of the Articles of Association of the Company, Mr. Satyadeva Prakash Sinha, Mr. D.N. Bhandari and Mr. B C. Srivastava directors retire by rotation in this Annual General Meeting and are eligible for reappointment.

11.0 AUDITORS

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

12.0 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

13.0 PARTICULARS REGARDING EMPLOYEES

The particulars of an employee of the company who was in receipt of remuneration stipulated under Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 have been provided in para 7 (v)(f) of Annexure-2 of the Directors' Report.

14.0 MANAGEMENT DISCUSSION AND ANALYSIS

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

15.0 APPRECIATION

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

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

On behalf of the Board
Satyadeva Prakash Sinha
Executive Chairman

Patna
Dated : 17th May, 2013

ANNEXURE – 1

AUDITOR’S REMARKS AND MANAGEMENT’S REPLIES

| Sl. No. | Remarks | Explanation |
|---|--|--|
| A. Report on Other Legal and Regulatory Requirements | | |
| 2. | As stated in Para 1.1 & 1.2 of Note 19 of the Balance Sheet, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as financial implication, if not resolved as anticipated, have been explained by the Management in the said note. | The amounts in dispute have been disclosed in para 1.1 and 1.2 of Note 19 to the Balance Sheet. The appropriate details in the matter have also been provided in Note - 19. |
| 3. | In terms of Para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil - Kalyanpur Cements Ltd. Trust. | This is a statement of fact and the company enjoys peaceful possession of all its immovable properties |
| 4. | Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs. 3533.17 Lacs for the year amount to Rs. 28079.52 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs.23242.98 Lacs. In view of this negative networth, ability of the Company to continue as a going concern is dependent upon the Company's performance after the scheme sanctioned by BIFR. Reference may be made to clause no. (x) of annexure to Auditors Report read with para 5 of Note 19 to the Balance Sheet. | The Draft Rehabilitation Scheme which was circulated by BIFR has since been approved and the sanctioned scheme circulated to all the concerned agencies. The scheme provides for reliefs and concessions from the Govt. of Bihar and other agencies. The sanctioned scheme which was received in Feb.'12 is under implementation and it is expected that on full implementation of the scheme, the company's financial position will substantially improve and the company therefore expects to continue as a going concern. |
| B. Annexure to Auditor's Report | | |
| ix | According to information and as explained to us, there has been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Excise Duty, cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2013 in respect of dues over six months are as below :- | Due to adverse economic conditions both in terms of poor sales realization and steep escalation in cost of inputs mainly power and fuel, the company's financial position declined sharply in the financial year 2011-12 and the financial year under report resulting in liquidity constraint. As a result, various statutory dues could not be paid in time |

| Sl. No. | Remarks | Explanation |
|---------|---|--|
| ix | <p>a) Royalty on Limestone - Rs. 576.87 Lacs</p> <p>As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 576.87 Lacs.</p> <p>b) Cement Regulation Account - Rs.208.23 Lacs</p> <p>The above dues of Cement Regulation Account have been settled in the Scheme sanctioned by BIFR and are payable as per the sanctioned scheme. It has been explained that Company has challenged the said dues in the Hon'ble Delhi High Court and the case is yet to be decided.</p> <p>c) Provident Fund, EPS, - Rs.831.67 Lacs</p> <p>d) Tax deducted at Source (TDS) - Rs.164.30 Lacs. All the dues except at (b) above are undisputed.</p> | |
| x | <p>According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made Cash Loss in the current as well as in the immediately preceding financial year.</p> | <p>This is a statement of fact and as a result of the erosion of the company's total net worth, it is already registered with BIFR as explained in reply to Auditors comment at para 4 of their "Report on other legal & Regulatory Requirements."</p> |
| xi | <p>Some defaults have been taken place in payment of dues to Financial Institutions, Banks and Debentureholders as referred to in Note 4 to the Balance Sheet.</p> | <p>Some default in payment to the secured lenders has taken place due to liquidity constraint during the financial year under report. The defaults, being for short period, are in the process of being addressed by clearing the dues soon.</p> |

CORPORATE GOVERNANCE :

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

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

2. (a) Composition and category of Directors

| Sn. | Name of the Directors | Category | Promoter/ Independent | No. of Shares held | Remarks |
|-----|---|----------------|--------------------------|-----------------------|---|
| 01 | Shri Satyadeva Prakash Sinha | Executive | Promoter | - | - |
| 02 | Shri Shailendra Prakash Sinha | Executive | Promoter | - | - |
| 03 | Shri Anant Prakash Sinha | Executive | Promoter | - | - |
| 04 | Shri Bimlanand Jha (upto 2.8.2012) | Non-Executive | Independent | - | Nominee of the Govt. of Bihar |
| 05 | Shri D.N. Bhandari | Non-Executive | Independent | 176 | Please ref. Clause 7(v)(e) |
| 06 | Shri B.C. Srivastava | Non-Executive | Independent | - | |
| 07 | Dr. K.C.Varshney | Non-Executive | Independent | - | |
| 08 | Shri Mahendra Lodha | Non-Executive | Non Independent | - | Representative of Investors |
| 09 | Shri Arun Sharma (upto 9.5.2012) | Non-Executive | Independent | - | Nominee of Asset Reconstruction Company (India) Ltd. (both Lender and Equity Investor). |
| 10 | Shri K. Balasubramanian (upto 24.5.2012) | Non-Executive | Independent | - | |
| 11 | Shri Dhananjay Lodha (upto 20.9.2012) | Non-Executive | Independent | - | |
| 12 | Shri Ashok Kumar Mallick (w.e.f. 3.8.2012) | Non- Executive | Independent | - | Nominee of the Govt. of Bihar |

The company presently has three Directors on its Board from Promoter category. One director is the representative of investors. The remaining four directors are non-Executive independent Directors.

2. b) The attendance record of the Directors at the Board Meetings during the financial year ended on 31st March, 2013 and the last Annual General Meeting (AGM) is as under:

| Sn. | Name of Directors | No. of Meetings held during the tenure | Attendance at Board Meetings | Attendance at AGM |
|-----|-------------------------------|--|------------------------------|-------------------|
| 01 | Shri Satyadeva Prakash Sinha | 5 | 5 | No |
| 02 | Shri Shailendra Prakash Sinha | 5 | 5 | No |
| 03 | Shri Anant Prakash Sinha | 5 | 5 | No |
| 04 | Shri Bimlanand Jha | 2 | - | No |
| 05 | Shri D.N. Bhandari | 5 | 4 | Yes |
| 06 | Shri B.C. Srivastava | 5 | 5 | Yes |
| 07 | Dr. K.C. Varshney | 5 | 5 | No |
| 08 | Shri Mahendra Lodha | 5 | 3 | No |
| 09 | Shri Dhananjay Lodha | 2 | - | No |
| 10 | Shri A. K. Mallick | 3 | 1 | No |

(c) Details of Directorships etc:

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

| Name of Directors | No. of Directorship | Chairman of the Board | Board Committees of which he is a Member | Board Committees of which he is a Chairman |
|-------------------------------|---------------------|-----------------------|--|--|
| Shri Satyadeva Prakash Sinha | - | 1 | 1 | - |
| Shri Shailendra Prakash Sinha | 3 | - | 1 | - |
| Shri Anant Prakash Sinha | 2 | - | - | - |
| Shri D.N. Bhandari | 1 | - | 1 | 2 |
| Shri B.C. Srivastava | 3 | - | 2 | - |
| Dr. K.C. Varshney | 3 | - | 1 | 3 |
| Shri Mahendra Lodha | 8 | - | 6 | 5 |
| Shri A. K. Mallick | 1 | - | - | - |

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

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

During the year ended March 31, 2013, the Board of Directors held 5 meetings. These were held on:

| <u>Meeting Serial Number</u> | <u>Date</u> | <u>Meeting Serial Number</u> | <u>Date</u> |
|------------------------------|------------------|------------------------------|-----------------|
| 1 | 25th May, 2012 | 4 | 10th Nov., 2012 |
| 2 | 3rd Aug., 2012 | 5 | 1st Feb., 2013 |
| 3 | 21st Sept., 2012 | | |

3. **The Audit Committee:**

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

| | | | |
|----|---------------------------------------|----------|-------------------------------|
| 01 | Shri D.N. Bhandari | Chairman | Non-Executive Independent |
| 02 | Dr. K.C. Varshney | Member | Non-Executive Independent |
| 03 | Shri Arun Sharma (upto 9.5.2012) | Member | Non-Executive Independent |
| 04 | Shri Dhananjay Lodha (upto 31.5.2012) | Member | Non-Executive Independent |
| 05 | Shri B.C. Srivastava | Member | Non-Executive Independent |
| 06 | Shri Mahendra Lodha (w.e.f. 1.6.2012) | Member | Non-Executive Non-Independent |

All the members of Audit Committee have sound knowledge of Accounts, Audit and Financial matters. All the members of the Audit Committee are independent Directors except Shri Mahendra Lodha who is the representative of the Investors.

(ii) **The following meetings of Audit Committee were held during the year ended 31.3.2013.**

| <u>Meeting Sl. No.</u> | <u>Date</u> | <u>Meeting Sl. No.</u> | <u>Date</u> |
|------------------------|----------------|------------------------|-----------------|
| 1 | 25th May, 2012 | 3 | 10th Nov., 2012 |
| 2 | 3rd Aug., 2012 | 4 | 1st Feb., 2013 |

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

| <u>Sl. No.</u> | <u>Name of Members of Audit Committee</u> | <u>No. of meetings held during the tenure</u> | <u>No. of meetings attended</u> |
|----------------|---|---|---------------------------------|
| 1 | Shri D. N. Bhandari, Chairman | 4 | 3 |
| 2 | Dr. K. C. Varshney, Member | 4 | 4 |
| 3 | Shri Arun Sharma, Member (upto 9.5.2012) | - | - |
| 4 | Shri Dhananjay Lodha, Member (upto 31.5.2012) | 1 | - |
| 5 | Shri B.C. Srivastava, Member | 4 | 4 |
| 6 | Shri Mahendra Lodha | 3 | 1 |

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

- a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- b) Recommending appointment and removal of auditors, fixation of audit fee, approval of payment to statutory auditors for any other services rendered by them.
 - c) Reviewing with the management the annual and quarterly financial statements before submission to the board for approval with a focus on matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956, accounting policies and any changes therein, major accounting entries involving estimates based on the exercise of judgement by management, qualifications in draft audit report, significant adjustments arising out of audit, going concern assumptions, compliance with accounting standards, legal compliance and compliance with listing agreement, related party transactions, adequacy of internal audit function including staff structure and seniority of the Officers, reporting structure, coverage and frequency of internal audit, performance of Statutory and Internal Auditors as well as adequacy of Internal Control Systems.
 - d) Reviewing, with the Management, the statement of uses/application of funds raised through any kind of issue of share capital, the statement of funds utilized for purposes other than those stated in the offer document /prospectus/notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendation to the Board to take steps in this matter.
 - e) Discussion with the Internal Auditors, any significant findings and follow up thereon.
 - f) Reviewing the findings of any internal investigation by the Internal Auditors into matters involving suspected fraud or irregularity or failure of internal control system of a material nature.
 - g) Discussion with statutory auditors on the nature and scope of audit and post audit discussion to ascertain area of concern.
 - h) Reviewing the company's financial and risk management policies and the reasons for defaults, if any, in payments to depositors, debenture holders, shareholders and creditors.
 - i) Approval of appointment of CFO after assessing the Qualification, experience and background of the candidate.
 - j) To carry out any other function as required in discharge of the duties mentioned in the above mentioned Terms of Reference of Audit Committee.
 - k) To look into the reasons of substantial defaults in the payment to the depositors, debenture holders and creditors.
- (iv) Besides, the Audit Committee has been given the following powers to exercise its functions efficiently and effectively :
- a) to investigate any activity within its terms of reference,
 - b) to seek significant information from any employee,
 - c) to obtain outside legal or other professional advice,
 - d) to secure attendance of outsiders with relevant expertise, if it considers necessary.
- (v) The Audit Committee reviews the following :
- (a) Management discussion and analysis of financial condition and results of operations.
 - (b) Statement of significant related party transactions.
 - (c) Management letters/Letters of Internal Control weaknesses issued by the Statutory Auditors.
 - (d) Internal Audit reports relating to internal control weaknesses.
 - (e) Appointment, Removal and terms of remuneration of the Chief Internal Auditors.

4. Remuneration Committee :

(i) The Remuneration Committee comprises the following directors :

- | | | |
|----|-------------------------------------|---|
| 1. | Dr. K.C. Varshney | Non-Executive independent Director - Chairman |
| 2. | Shri D.N. Bhandari | Non-Executive Independent Director - Member |
| 3. | Shri B.C. Srivastava | Non-Executive Independent Director - Member |
| 4. | Shri Arun Sharma (upto 9.5 2012) | Non-Executive Independent Director - Member |

The Remuneration Committee met on 3rd August, 2012 and 1st Feb., 2013 to consider the grant of Annual increment to the executive directors of the Company as well as the remuneration payable during the period of re-appointment for three years w.e.f. 23rd Feb., 2013 and upto 22nd Feb., 2016.

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

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

(iii) Attendance during the year

The following members attended the meetings of the Remuneration Committee held on 3rd August, 2012 and 1st February, 2013.

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

(iv) Remuneration Policy

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

5. Share Transfer and Shareholders' Grievance Redressal Committee :

- (i) The Committee comprises the following directors :
- | | |
|----------------------------------|---|
| a) Shri D.N. Bhandari | Independent Non-Executive Director-Chairman |
| b) Shri Satyadeva Prakash Sinha | Executive Director - Member |
| c) Shri Shailendra Prakash Sinha | Executive Director - Member |
- (ii) Name and designation of compliance officer P.K. Chaubey
President (Fin) & Co. Secretary
- (iii) Number of shareholders' complaints received so far - 6
- (iv) Number of complaints not solved to the satisfaction of the shareholders - Nil
- (v) Number of pending complaints - Nil

6. General Body meetings

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

| Sn | AGM SI.No. | Location | Date | Time |
|----|------------|--|-----------|------------|
| 1 | 72nd AGM | Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata - 700 001 | 29.9.2012 | 11.30 A.M. |
| 2 | 71st AGM | Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata - 700 001 | 24.9.2011 | 11.30 A.M. |
| 3 | 70th AGM | Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata - 700 001 | 28.9.2010 | 11.30 A.M. |

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

- (ii) Special Resolutions relating to remuneration payable to the managerial personnel were passed in the Annual General Meeting held on 29.09.2012..
- (iii) No special resolution was passed during the year 2012-13 through postal ballot.
- (iv) In view of information provided at (iii) above, this is not applicable.
- (v) No special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.
- (vi) Wherever applicable, the procedure laid down in the Companies Act, 1956 for Postal Ballot is followed by the Company.

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

- a) The details of related party transactions in accordance with Accounting Standard - 18 issued under the Companies (Accounting Standards) Rule 2006 have been provided in para 7 of Note 19 to the Balance Sheet of the Company. The details of such transactions are placed before the Audit Committee from time to time.
- b) The transactions with the related parties are in the normal course of business only or as provided in the applicable laws.

(ii) Disclosure of Accounting Treatment -

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

(iii) Board Disclosures - Risk Management -

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

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

The company did not issue any share capital during the financial year 2012-13 and hence, this is not applicable.

(v) Remuneration of Directors

(a) None of the non-Executive Directors has any pecuniary relationship/transaction with the Company.

(b) The details of remuneration paid to directors have been given below :

Rs. in Lacs

| | Shri Satyadeva Prakash Sinha, Executive Chairman | Shri Shailendra Prakash Sinha, Managing Director | Shri Anant Prakash Sinha, Joint Managing Director | Total |
|----------------|--|--|---|--------|
| Salary | 34.80 | 33.60 | 31.20 | 99.60 |
| Benefits | 23.78 | 22.40 | 19.63 | 65.81 |
| Bonus | - | - | - | - |
| Stock Option | - | - | - | - |
| Pension | - | - | - | - |
| Provident Fund | - | 4.03 | 3.74 | 7.77 |
| Total | 58.58 | 60.03 | 54.57 | 173.18 |

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

(c) Service Contract :

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

(ii) Severance Fees :

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

(iii) Stock Option Details : Nil

(d) The details of remuneration paid to non-Executive Directors have been given below:

In view of accumulated loss, the company does not pay any remuneration to non-executive Directors except sitting fees for attending the meetings of the Board of Directors or the Committees thereof. The details of sitting fees paid during the year ended 31st March' 2013 are as under:

| Name of the Director | Amount of Sitting Fee (Rs.) |
|----------------------|-----------------------------|
| Shri D.N. Bhandari | 45,000 |
| Shri B.C. Srivastava | 55,000 |
| Dr. K.C. Varshney | 55,000 |
| Shri Mahendra Lodha | 15,000 |
| TOTAL | 1,70,000 |

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

(f) **Particulars regarding Employees as mentioned in para 13 of the Directors' Report**

| | | | | | |
|---|---|---|----|--|---|
| 1 | Name of the Employee | - Shri Shailendra Prakash Sinha | 6 | Qualification and experience of the Employee Experience | i. B. Com., Certificate holder in Hotel Management from Cornell University ii. Senior Executive Programme, Stanford University - 42 Years |
| 2 | Designation of the Employee | - Managing Director | 7 | Date of Commencement of Employment | - 23rd February, 2007 |
| 3 | Remuneration received | - Rs. 60.03 Lacs | 8 | Age of Employee | - 63 Years |
| 4 | Nature of Employment - whether contractual or otherwise | - Contractual | 9 | Last employment held | - Manager, Kalyanpur Cements Limited |
| 5 | Nature of duty of the Employee | - Overall management of the affairs of the company subject to supervision by the Board of Directors | 10 | %age of Equity Shares held | - Nil |

(vi) Management-

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

(vii) Shareholders

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

Details of the Directors proposed to be reappointed:

1. Shri Satyadeva Prakash Sinha

Shri Satyadeva Prakash Sinha, born on 26.8.1941, is a Graduate from London School of Economics, U.K. He was appointed as a wholetime director designated as Executive Chairman w.e.f. 23.2.2007. He is an Industrialist and has over 50 years of industrial experience. He has held various positions in the company in the past. At present, he himself does not hold any share in the share capital of the company. He is a member of the Share Transfer and Shareholders Grievance Redressal Committee. He also does not hold directorship in any other company. He is related with Shri Shailendra Prakash Sinha, the Managing Director and Shri Anant Prakash Sinha, the Joint Managing Director.

2. Shri D.N. Bhandari

Shri D.N. Bhandari, born on 2nd April, 1934, is a Science Graduate. He has over 40 years of experience of working with the Company and has held various positions including as the head of Plant in the capacity of Technical Director. He was appointed on the Board with effect from 06.07.2002. He specializes in Cement Manufacturing Technology and has a name in Cement Industry. He holds 176 equity shares in the company allotted in terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court. He does not hold directorship in any other company. He is Chairman of the Audit Committee and Share Transfer and Shareholders Grievance Redressal Committee and member of the Remuneration Committee. He is not related to any of the directors of the company.

3. Shri B.C. Srivastava

Shri B.C. Srivastava, born on 25th August, 1945, is a Metallurgical Engineer. He worked in various capacities in Steel Authority of India Ltd., Rourkela Steel Plant. He also worked as Sr. Consulting Engineer / Technical Director in a reputed consulting Company, M/s. M.N. Dastur & Co. Ltd., Kolkata posted in Libya. Mr. Srivastava worked as Managing Director, BITCO, Patna and Executive Director, MSL India Ltd. He was appointed on the Board w.e.f. 06.07.2002. Presently he is an Industrial and Management Consultant.

He is on the Board of M/s. Eclat Industries Ltd. and Sampoorna General Insurance Solutions (P) Ltd. Presently, he is also the Managing Director of Jenson & Nicholson (India) Ltd. besides being on the Board and the committees of the Board of Directors of the Company. He is member of the Audit Committee and the Remuneration Committee. He is not related to any of the directors of the company. Mr. Srivastava does not hold any share in the company.

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

(b) Relationship

Shri Satyadeva Prakash Sinha is related with Shri Shailendra Prakash Sinha, the Managing Director and Shri Anant Prakash Sinha, the Joint Managing Director.

(c) The Quarterly Results and presentations are not sent by the company to the Analysts. The company regularly sends its Quarterly Results to the Stock Exchanges where its shares are listed.

- (d) The Company has formed a Board Committee under Chairmanship of a Non-Executive Independent Director to look into redressal of the shareholders' and investors' complaints. The Committee is designated as "Share Transfer and Shareholders' Grievance Redressal Committee". The constitution of the committee is given at paragraph No. 5.
- (e) The Board has already formed a committee known as "Share Transfer and Shareholders' Grievance Redressal Committee" for expeditious transfer of shares and the Company expeditiously transfers the shares as and when requests for such transfers are received.
- (viii) There were no occasions of penalty /strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during last 3 years.
- (ix) Whistle Blower Policy is yet to be implemented. However, no person willing to approach Audit Committee has been denied access to the committee.
- (x) Details of Compliance of Code of Corporate Governance are provided in paragraph No. 10 hereof.

8. Means of Communication

- (i) The Company publishes its quarterly results on regular basis.
- (ii) The quarterly results are published in the following Newspapers:-
 - (a) The Financial Express, Kolkata
 - (b) Pratidin, a Bengali Daily, Kolkata
- (iii) The Company has a functional website namely www.kalyanpur.com
- (iv) The company does not display the official news release. In fact, the company generally does not issue news releases.
- (v) The company from time to time makes presentation to the State Govt., the Banks, Financial Institutions or the prospective lenders in relation to its financial performance. The company does not make any presentation to the Analysts.

9. General Shareholder Information:

- (i) AGM date, time and venue : Friday, the 27th September, 2013 at 11.30 A.M.
KALYANPUR CEMENTS LIMITED
2 & 3, Dr. Rajendra Prasad Sarani,
(Formerly known as Clive Row)
Kolkata - 700 001.
- (ii) Financial Year : 2012-13
- (iii) Book closure date : 21st September, 2013 to 27th September, 2013
- (iv) Dividend payment date : Since the company does not have distributable profit, the Board of Directors have not recommended any dividend.
- (v) Listing at stock exchange : i) Calcutta Stock Exchange, Kolkata
ii) Bombay Stock Exchange, Mumbai
- (vi) Stock Code : 21105 - Calcutta Stock Exchange
502150 - Bombay Stock Exchange

(vii) Market Price data

Small number of shares has been traded on Bombay Stock Exchange during the year 2012-13. No shares were traded on Calcutta Stock Exchange during the year. Based on the volume of shares traded, the market price data for the year 2012-13 is given below :

(Fig.in Rs.)

| Month | No of Shares | High | Low |
|-------------|--------------|-------|-------|
| May, 2012 | 600 | 31 | 31 |
| June, 2012 | 100 | 30 | 30 |
| July, 2012 | 900 | 30 | 30 |
| Sept., 2012 | 1200 | 28.75 | 23.80 |
| Oct., 2012 | 3100 | 22.70 | 13.90 |
| Nov., 2012 | 800 | 13.71 | 12.80 |
| Feb., 2013 | 100 | 13.06 | 13.06 |

- (viii) Performance in comparison to Board-based indices such as BSE Sensex, CRISIL Index, etc. : Since the volume of shares traded is very small, the comparison of company's shares performance with Broad-based indices like BSE Sensex, CRISIL Index etc. will not be feasible.
- (ix) Registrar & Transfer Agents (RTAs) : Link Intime India (P) Ltd.
59C, Chowringhee Road, 3rd Floor,
Kolkata - 700 020,
Phone : 033-22890540
Fax : 033-22890539
E-Mail : Kolkata@linkintime.co.in
- x) Share transfer system : In terms of directives of SEBI to have a common agency for registration of transfers under both physical and dematerialized modes, both the transfer functions have been entrusted to the above RTAs.
- (xi) Distribution of shareholding : The distribution is as under
- Distribution of Shareholding Details** : **The distribution is as under**

| Sl. No. | No. of Equity Shares | No. of Shareholders | No. of Shares | % of Share holdings |
|---------|----------------------|---------------------|-----------------|---------------------|
| 1 | Upto 50 | 696 | 8913 | 0.04% |
| 2. | 51-100 | 54 | 4515 | 0.02% |
| 3. | 101-500 | 42 | 10148 | 0.05% |
| 4. | 501-1000 | 21 | 16672 | 0.08% |
| 5. | 1001-5000 | 11 | 26048 | 0.12% |
| 6. | 5001-10000 | 2 | 18130 | 0.09% |
| 7. | 10001-50000 | 3 | 83176 | 0.39% |
| 8. | 50001-100000 | 2 | 171982 | 0.81% |
| 9. | 100001-500000 | 1 | 225128 | 1.06% |
| 10. | 500001 & above | 6 | 20684342 | 97.50% |
| | Total | 838 | 21249054 | 100.00% |

Shareholding Pattern :

| Particulars of holders | % of Shareholding |
|-------------------------------------|--------------------------|
| Promoters | 5.30% |
| FIs, Banks, State Govt. Enterprises | 15.48% |
| Other Corporate Bodies | 79.00% |
| Public | 0.22% |
| TOTAL | 100.00% |

- xii) Dematerialization of shares & Liquidity : The company's shares have been dematerialized by CDSL with ISIN INE991E01022. NSDL has however not provided connectivity on the ground that the Company's Net Worth does not meet NSDL's criteria.
- xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity : N I L
- xiv) Plant location : P.O. Banjari, Dist. Rohtas, Bihar.
- xv) Address for correspondence : (i) Head Office:
Maurya Centre, 1-Fraser Road,
Patna-800 001.
(ii) Registered Office:
2 & 3 Dr. Rajendra Prasad Sarani,
(Formerly known as Clive Row),
Kolkata - 700 001.

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

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

10.2 Non-Mandatory Requirements

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

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

11. (i) Compliance Certificate from Auditors : This has been obtained
- (ii) Any qualification in Auditor's Report : The Auditors have made some qualifications which, together with the management replies/explanations have been given in Annexure-1 to the Directors' Report.
12. CEO/CFO Certification : As required under clause 49 of the listing Agreement, the CEO/ CFO certification is provided in the Annual Report.
13. Code of Conduct : Board of Directors have laid down a Code of Conduct for all Board members and senior management of the company. The code of conduct has been posted on the company's website. The directors and senior members of the Management of the Company have affirmed compliance with the code. A declaration to this effect by the Managing Director is included in the certificate provided in terms of para 12 above.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna

Date : 17.05.2013

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

- | | |
|--|--|
| (a) Energy Conservation measures taken | Commissioning of new coal burner to reduce coal consumption |
| (b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy. | Solid flow gate for fly ash feeding |
| (c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production. | Reduction of coal consumption by 10 Kcal/Kg of clinker and better burning of clinker leading to higher additive consumption. |

FORM "A"

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

A. POWER & FUEL CONSUMPTION

| | Year ended 31.03.2013 | | | Year ended 31.03.2012 | | |
|--|-----------------------|----------------------------|--------------|-----------------------|----------------------------|--------------|
| | Lac units (KWH) | Total Amount (Rs. in Lacs) | Rs. Per unit | Lac units (KWH) | Total Amount (Rs. in Lacs) | Rs. Per unit |
| 1. Electricity | | | | | | |
| a) Purchased (BSEB) | 669.13 | 3784.64 | 5.66 | 541.41 | 3539.00 | 6.54 |
| b) Own Generation through Diesel Generator | - | - | - | - | - | - |

| | Year ended 31.03.2013 | | | Year ended 31.03.2012 | | |
|--|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| | Gross Qnty. (Lac tonnes) | Total Cost (Rs. in Lacs) | Avg. Rate (Rs./ tonne) | Gross Qnty. (Lac tonnes) | Total Cost (Rs. in Lacs) | Avg. Rate (Rs./ tonne) |
| 2. Non-Coking Coal - Long Flame (Grade A / B) | 0.891 | 8456.67 | 9486.11 | 0.696 | 5666.67 | 8141.06 |

3. Consumption per unit of Production

| | Industry Norm (Dry Process) | Year ended 31.03.2013 | Year ended 31.03.2012 |
|--------------------------------------|--------------------------------|-----------------------|-----------------------|
| | Electricity (KWH / ton Cement) | 100 -115 | 91 |
| Coal for Kiln (K. Cal / Kg. Clinker) | 750-850 | 739 | 776 |

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

1. Specific area in which R&D has been carried out by the Company :
 - Optimizing of clinker grinding circuit
2. Benefits as a result of the above R&D
 - Reduction of overall power consumption in grinding of clinker
3. Future plan of action :
 - Establish new operating parameter for clinker grinding unit

| | | |
|----|---|-------------|
| 4. | Expenditure on R&D | Rs. in Lacs |
| | a) Capital | - |
| | b) Recurring | 5.50 |
| | c) Total | 5.50 |
| | d) Total R&D Expenditure as percentage of total turnover (%) | 0.02.% |

FOREIGN EXCHANGE EARNING AND OUTGO :

| | | |
|----|---|-------------|
| | | Rs. in Lacs |
| 1. | Foreign Exchange Earned | nil |
| 2. | Foreign Exchange Outgo (Expenditure on Foreign Travel) | 4.62 |

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna

Dated : 17th May, 2013

ANNEXURE- 4**MANAGEMENT DISCUSSION AND ANALYSIS****1. Industry Structure and developments**

Indian Cement Industry made rapid progress particularly after withdrawal of licensing in 1991 and stands today as the second largest cement producer in the world with an estimated capacity of 350 million tonnes as on 31st March'2013, though no firm data on capacity, production and consumption of cement for 2012-13, is available with the Company in view of the embargo placed by the Competition Commission of India on circulation of data by the Cement Manufacturers Association. Led by the real estate boom and Govt. spending on infrastructure, demand for cement during the period 2004-05 till 2008-09 grew at a CAGR of 9.23 % even while capacity addition was limited to CAGR of 5.6 % . With capacity addition limited and demand continuing to grow, supply constraints surfaced and Cement Industry operated at near capacity levels in 2006-07 at 96 % . Increased pricing power of the Industry led to healthy growth in profitability from 2005 till 2009. Encouraged by improved economic outlook, buoyant demand conditions and strong profits, the Industry embarked on capacity enhancement. 108 million tonnes were added in a short period of 4 years from 2007 till 2011, which was equivalent to the capacity added in preceding 15 years. Meanwhile, infusion of large doses of liquidity into the economy to push growth which dropped to 6.75 % in 2008-09 and drop in farm output led to strong inflationary pressures in the economy, as a result of which Govt. resorted to monetary tightening from March'2010 by rolling back fiscal stimulus to curb inflation. This adversely affected demand growth and completely reversed the demand -supply balance. Thus, while production capacity grew at CAGR of 14.8 % between 2008 -11, consumption grew at a GAGR of 8.6 % during the same period, creating huge oversupply. Thus, with infrastructure spending having slowed down considerably, Cement Industry has been left with large unutilized capacity. Capacity growth since then has slowed down with only 2 % growth in 2011-12 over the same period last year and the estimated growth in 2012-13 is also around 3 %. Meanwhile, with the Govt. persisting with its tight monetary policy for the 3rd successive year, resulting in subdued demand coupled with the significant hike in operating costs, Cement Industry has been passing through one of its most challenging period in its history.

2.0 Opportunities and Threats**2.1 Opportunities**

Increased spending by the Govt. on Infrastructure coupled with growth in real estate led to increased consumption growth during the period 2006 till 2010. The growth was also assisted by substantial infusion of liquidity from 2009 till 2011. However, increase in borrowing costs as a result of Govt's tight money Policy from March'2010 in response to inflationary tendencies, led to steep fall in demand. In view of the slowdown in demand growth, the Govt. has taken a number of steps to speed up infrastructure development in the country in terms of making arrangement of required finance and removing bottlenecks in the implementation of infrastructure projects. Moreover, with moderation of inflation, the RBI has started cutting the key rates to infuse liquidity in the economy, which is expected to lower the borrowing cost and stimulate demand.

2.2 Threats

The growth prospect of the cement industry is closely interlinked to growth of construction sector comprising Housing sector which consumes almost 2/3rd of the country's cement and the infrastructure sector as well as industrial segment. However, the cement industry has been adversely impacted by the continued slowdown in the construction sector for the 3rd consecutive year as a result of high interest rates on account of Govt's tight money policy. In spite of moderation of inflation, interest rate continues to be high which is a major threat to the growth of cement industry. Secondly, major cost elements like Coal, power, transportation controlled by the Govt. have witnessed substantial hike in recent years and emerged as another threat in view of Govt's policy to pass on the cost increases. This can severely erode margins particularly under oversupplied market conditions, as costs cannot be passed on. Unduly large capacity addition is also a major threat. While production capacity grew at CAGR of 14.8% between 2008 and 2011, consumption grew at a CAGR of 8.6%, resulting in overcapacity and low capacity utilization by the industry.

3.0 Segmentwise / productwise performance

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

4.0 Outlook

High interest rates have impeded growth in Construction sector. A correction of interest rate would lead to reversal of the current situation of low demand. Inflationary pressures in the economy, which prompted the Govt. to initiate monetary tightening , has further moderated . Accordingly , repo rate has been gradually reduced to 7.25 % from 8 % last year and RBI may take similar measures in the coming period to re-infuse liquidity in the economy . The Govt. has adopted a multi pronged strategy to address the issue of low investment in infrastructure viz. Raising fund for infrastructure , Promote housing projects, which accounts for 64 % of total cement consumption in the country and promote Savings which fell to 30 % from 36.8 % . Apart from raising funds through infrastructure debt funds and issue of tax free bonds , assistance of World Bank and Asian Development Bank is being taken to develop infrastructure projects in North East . A Regulatory Authority for the road sector is being constituted to expedite infrastructure development . An Urban Housing Fund is being set up to promote Housing Projects. A Cabinet Committee on Investment has also been set up to fast track infrastructure projects . Thus , with the setting up of mechanism at highest level to closely monitor and remove bottlenecks in the implementation of road projects , infrastructure development is expected to look up and improve consumption growth.

5.0 Risks and concerns

The last few years have witnessed steep hike in cost with Govt. emphasis on passing on cost increases to consumers to cut back subsidies . Accordingly, cost of coal, power and transportation accounting for 70 % of total cost , have increased substantially in the last few years. Even Excise duty has been raised in successive years . On the contrary, at industry level , pricing decisions have not been unilateral but based on market dynamics and under existing conditions, Cement Companies particularly with single units have been forced to absorb costs and incur losses. Thus , the cost of major elements like Coal., power and transportation , determined by the Govt. , is a major area of concern , which coupled with Govt's conservative monetary policy has the potential to stifle the growth particularly of single unit companies.

6.0 Internal Control Systems and their adequacy

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

7.0 Financial performance with respect to operational performance

The Company achieved satisfactory level of operations , reaching highest ever capacity utilization in production of Clinker . Likewise, in Cement production capacity utilization at 74 % was higher compared to last year . In spite of improved operations , the Company incurred losses, which were however lower than last year . The glut in the Market continued, as Govt.'s persistence with tight monetary Policy for third successive year , did not allow demand growth. In view of the intensely competitive market and volatility in cement prices , the increased cost had to be absorbed by the Company , resulting into losses.

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

In order to achieve full utilisation of equipment and inculcate proper operation and maintenance practices, the Company's personnel are exposed to latest ideas and concepts through various in-house as well as external training programmes of reputed Institutes, as far as possible. Interactions amongst plant personnel on a daily basis also improve sensitivity about the plant, which helps in better identification of plant problems and their resolutions and also in identifying areas of cost reduction. The Industrial Relations remained cordial during the year under report. The Company employed 1013 persons during the year.

On behalf of the Board

Satyadeva Prakash Sinha
Executive Chairman

Patna.
Dated : 17th May, 2013

17th May, 2013

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

Dear Sirs,

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

We hereby certify that we have reviewed the Balance Sheet, Profit & Loss Statement, Notes annexed to the Balance Sheet and Profit & Loss Statement and Cash Flow Statement of the company for the year ended 31st March, 2013 and to the best of our knowledge and belief, we declare that

- 1.1 These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- 1.2 These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 1.3 There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct. The Directors as well as Senior Members of Management have also affirmed compliance with the Code of Conduct.
- 1.4 We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and that we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 1.5 We have indicated to the Auditors and the Audit Committee
 - (a) Significant changes in the Internal Control over financial reporting during the year.
 - (b) That the accounting policies followed during the earlier year have been consistently applied during the financial year ended on 31.03.2013.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2013.

For KALYANPUR CEMENTS LTD.

(SHAIENDRA P. SINHA)
MANAGING DIRECTOR

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

Date: 17th May, 2013

CERTIFICATE

To the Members of
KALYANPUR CEMENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by KALYANPUR CEMENTS LIMITED, for the period ended on 31 March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

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

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

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

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

For and on behalf of
M. MUKERJEE & CO.
Chartered Accountants
FRN No. 303013E

(Spandan Sengupta)
Partner
Membership No. 135833

INDEPENDENT AUDITOR'S REPORT

To the Members of the Kalyanpur Cements Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KALYANPUR CEMENTS LIMITED, which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, wherever due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013 ;
- (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.

M. MUKERJEE & CO.
Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As stated in para 1.1 and 1.2 of Note 19 of the Balance Sheet, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as the financial implication, if not resolved as anticipated, have been explained by the Management in the said Note.
3. In terms of para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil - Kalyanpur Cements Ltd. Trust.
4. **Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs. 3533.17 Lacs for the year amount to Rs. 28079.52 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs.23242.98 Lacs. In view of this negative networth, ability of the Company to continue as a going concern is dependent upon the Company's performance after the scheme sanctioned by BIFR. Reference may be made to clause no. (x) of annexure to Auditors Report read with para 5 of Note 19 to the Balance Sheet.**
5. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

24, Netaji Subhas Road
Kolkata-700 001

Camp - Patna
May 17, 2013

M. MUKERJEE & CO.
Chartered Accountants
FRN : 303013E

SPANDAN SENGUPTA
Partner
Membership No: 135833

ANNEXURE TO AUDITOR'S REPORT

- (i) According to the information and as explained to us :
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and material discrepancies, if any, have been properly dealt with in the books of account.
 - c) No substantial part of the fixed assets has been disposed off during the year.
- (ii) According to the information and as explained to us :
- a) Physical verification of inventory has been conducted at reasonable intervals by the management.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company did not grant any loan to Companies, firms or other parties covered under section 301 of the Act for which register has been maintained.
- (iv) According to the information and as explained to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Company reviews and monitors the internal control procedures and weaknesses of major importance which are addressed promptly.
- (v) According to the information and as explained to us :
- a) The particulars of contracts or arrangements referred in section 301 of the Act have been so entered in the Register required to be maintained under that section.
 - b) Transactions made in pursuance of such contracts or arrangements including those which are above Rs. 5 lakhs per party per annum have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and as explained to us, the Company has not accepted deposits from the public as defined in Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
- (vii) According to the information and as explained to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company is required to maintain cost records in respect of clinker and cement production. We have broadly reviewed the books and prima facie it appears to us that the books and records are maintained. We have, however, not made a detailed examination of the books to ascertain if they are correctly maintained.
- (ix) **According to information and as explained to us, there has been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Excise Duty, cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2013 in respect of dues over six months are as below :-**
- a) **Royalty on Limestone - Rs. 576.87 Lacs**
As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 576.87 Lacs.

M. MUKERJEE & CO.
Chartered Accountants

b) Cement Regulation Account - Rs. 208.23 Lacs

The above dues of Cement Regulation Account have been settled in the Scheme sanctioned by BIFR and are payable as per the sanctioned scheme. It has been explained that Company has challenged the said dues in the Hon'ble Delhi High Court and the case is yet to be decided.

c) Provident Fund, EPS, - Rs. 831.67 Lacs

d) Tax deducted at Source (TDS) - Rs. 164.30 Lacs

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

- (x) According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made Cash Loss in the current as well as in the immediately preceding financial year.
- (xi) Some defaults have been taken place in payment of dues to Financial Institutions, Banks and Debentureholders as referred to in Note 4 to the Balance Sheet.
- (xii) According to the information and as explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and as explained to us, provisions of any special statute applicable to chit fund are not applicable to this company.
- (xiv) According to the information and as explained to us, the Company is not dealing or trading in shares, securities, debentures and other investment.
- (xv) According to the information and as explained to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) According to the information and as explained to us, the Company has not taken term loan during the year.
- (xvii) According to the information and as explained to us, funds raised for short term basis have not been used for long term investment
- (xviii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) According to the information and as explained to us, the Company has not raised any money by public issue during the year.
- (xxi) According to the information and as explained to us, no fraud on or by the Company came either to the notice of the Company or to us.

24, Netaji Subhas Road
Kolkata - 700 001
Camp - Patna
May 17, 2013

M. MUKERJEE & CO.
Chartered Accountants
FRN : 303013E

SPANDAN SENGUPTA
Partner
Membership No: 135833

BALANCE SHEET AS AT 31st MARCH, 2013

(₹ Lacs)

| | Note No. | Figures as at the end of Current reporting period ended 31st March, 2013 | Figures as at the end of previous reporting period ended 31st March, 2012 |
|--|----------|--|---|
| I. Equity and Liabilities | | | |
| 1.0 Shareholders' Funds | | | |
| a) Share Capital | 1 | 2,787.14 | 2,787.14 |
| b) Reserves & Surplus | 2 | (26,030.12) | (22,496.95) |
| c) Money received against share warrants | | — | — |
| Total Shareholder's Fund | | (23,242.98) | (19,709.81) |
| 2.0 Share application money pending allotment | | | |
| 3.0 Non-Current Liabilities | | | |
| a) Long-term borrowings | 3 | 7,716.38 | 9,970.38 |
| b) Deferred Tax Liabilities(Net) | | 0.00 | 0.00 |
| c) Other Long term Liabilities | | 1,793.66 | 2,390.41 |
| d) Long-term provisions | | 1,677.42 | 1,566.18 |
| Total Non-Current Liabilities | | 11,187.46 | 13,926.97 |
| 4.0 Current Liabilities | | | |
| a) Short-term borrowings | 4 | 1,062.97 | 375.20 |
| b) Trade Payables | | 6,467.00 | 4,727.97 |
| c) Other Current Liabilities | | 17,129.64 | 13,117.36 |
| d) Short-term provisions | | 140.41 | 112.64 |
| Total Current Liabilities | | 24,800.02 | 18,333.17 |
| 5.0 Total Equity & Liabilities | | 12,744.50 | 12,550.33 |
| II Assets | | | |
| 1.0 Non-Current Assets | | | |
| a) Fixed Assets | | | |
| i) Tangible Assets | 5 | 7,046.11 | 7,881.17 |
| ii) Intangible Assets | | 1.39 | 1.91 |
| iii) Capital Work-in-progress | | 16.72 | 11.74 |
| iv) Intangible Assets under development | | — | — |
| Total Fixed Assets | | 7,064.22 | 7,894.82 |
| b) Non-Current Investments | | — | — |
| c) Deferred Tax Assets (Net) | | — | — |
| d) Long Term Loans & Advances | 6 | 679.66 | 660.89 |
| e) Other Non-Current Assets | | — | — |
| Total Non-Current Assets | | 7,743.88 | 8,555.71 |
| 2.0 Current Assets | | | |
| a) Current Investments | 7 | — | — |
| b) Inventories | | 2,648.30 | 2,790.43 |
| c) Trade Receivables | | 422.57 | 292.15 |
| d) Cash & Cash Equivalants | | 388.71 | 391.37 |
| e) Short Term Loans & Advances | 8 | 1,437.84 | 422.73 |
| f) Other Current Assets | 9 | 103.20 | 97.94 |
| Total Current Assets | | 5,000.62 | 3,994.62 |
| Total Assets | | 12,744.50 | 12,550.33 |
| Accounting Policies | 18 | | |
| Notes to Balance Seet | 19 | | |

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 17 May, 2013

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

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

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ Lacs)

| Particulars | Note No. | Figures for the Current reporting period ended 31st March, 2013 | Figures for the previous reporting period ended 31st March, 2012 |
|---|----------|---|--|
| I Revenue | | | |
| 1 Revenue from Operations | 10 | | |
| Sales Revenue | | 30,223.66 | 22,062.02 |
| Less : Excise Duty | | 4,317.19 | 3,020.06 |
| Revenue from Operations (Net) | | 25,906.47 | 19,041.96 |
| II Other Income | 11 | 1,604.72 | 2,422.74 |
| III Total Revenue | | 27,511.19 | 21,464.70 |
| IV Expenses | | | |
| 1 Cost of Materials Consumed | 12 | 4,309.46 | 3,532.25 |
| 2 Other Manufacturing Expenses | 13 | 16,352.72 | 13,147.29 |
| 3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 14 | 351.10 | 383.52 |
| 4 Employee benefits Expenses | 15 | 3,314.70 | 3,081.95 |
| 5 Finance Costs | 16 | 1,582.59 | 1,123.91 |
| 6 Depreciation and Amortisation | | 993.42 | 1,467.11 |
| 7 Freight & Selling Expenses | | 3,453.29 | 2,879.20 |
| 8 Other Expenses | 17 | 687.08 | 558.47 |
| 9 Total Expenses | | 31,044.36 | 26,173.70 |
| V Profit before exceptional and extraordinary items and Tax(III-IV) | | (3,533.17) | (4,709.01) |
| VI Exceptional Items | | | |
| VII Profit before extraordinary items and Tax(V-VI) | | (3,533.17) | (4,709.01) |
| VIII Extraordinary Items | | - | (1,388.46) |
| IX Profit before Tax(VII-VIII) | | (3,533.17) | (6,097.46) |
| X Tax Expenses : | | | |
| 1 Current Tax-FBT | | - | 0.05 |
| 2 Deferred Tax | | | |
| XI Profit/(Loss)for the period from continuing operations(IX-X) | | (3,533.17) | (6,097.51) |
| XII Earnings per equity share: | | | |
| 1 Basic | | (16.63) | (28.70) |
| 2 Diluted | | | |
| Notes to Profit & Loss Statement | 20 | | |

This is Profit & Loss Statement referred to in our report of even date

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 17 May, 2013M. MUKERJEE & CO.
Spandan Sengupta
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 135833
Firm Registration No. 303013EP. K. Chaubey
PRESIDENT (FINANCE) &
COMPANY SECRETARYShailendra P. Sinha
MANAGING DIRECTORB.C. Srivastava
DIRECTOR

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 1

₹ Lacs)

| Particulars | As at 31st March,2013 | As at 31st March,2012 |
|--|--------------------------|--------------------------|
| 1.1 SHARE CAPITAL | | |
| <u>Authorised Capital</u> | | |
| Preference Shares | | |
| 44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each | 661.76 | 661.76 |
| 2,00,82,351 Unclassified Preference Share of Rs. 10/-each | 2,008.24 | 2,008.24 |
| Equity Shares | | |
| 7,00,00,000 Equity Shares of Rs 10/- each | 7,000.00 | 7,000.00 |
| Total | 9,670.00 | 9,670.00 |
| <u>ISSUED & SUBSCRIBED CAPITAL</u> | | |
| Preference Shares | | |
| 44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each | 661.76 | 661.76 |
| Equity Shares | | |
| 21,267,965 Equity Shares of Rs 10/- each | 2,126.80 | 2,126.80 |
| Total | 2,788.56 | 2,788.56 |
| <u>Paid-up Capital</u> | | |
| Preference Shares | | |
| 44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each | 661.76 | 661.76 |
| Equity Shares | | |
| 21,249,054 Equity Shares of Rs 10/- each | 2,124.91 | 2,124.91 |
| Add : Forfeited Shares (Amount originally paid-up) | 0.47 | 0.47 |
| Total | 2,787.14 | 2,787.14 |

1.2 Redemption of Preference Shares: In terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court, the Preference shares were to be redeemed in three annual installments i.e. 2009-10, 2010-11 and 2011-12 @ Rs. 2.21 Crs. every year. The Companies Act, 1956, however, provides that the Preference shares can be redeemed either out of the profit available for distribution of dividend or out of the fresh proceeds of shares issued for the said purpose. Since the company did not either have profit available for distribution of dividend or any fresh proceed of shares, a legal opinion was obtained from M/s. Khaitan & Co., Advocates & Solicitors, Kolkata whether the preference shares could be redeemed by the company. They have opined that the Preference shares of the company could not be redeemed under the present circumstances.

1.3 There is no change in the number of shares at the end of the reporting period as compared to the same at the beginning of the reporting period.

1.4 The Company does not have any holding company or ultimate holding company.

1.5 The details of share holding exceeding 5% at the beginning and end of the reporting periods are as under:

| Sl. No. | Name of Share holder | As on 31.03.2013 | | As on 31.03.2012 | |
|---------|---|-------------------|--------------|-------------------|--------------|
| | | No. of shares | Holding(%) | No. of shares | Holding(%) |
| 1 | Maurya Management Pvt.Ltd | 1,125,342 | 5.31 | 1,125,342 | 5.31 |
| 2 | Asset Reconstruction Co. (India) Ltd. | 3,079,000 | 14.49 | 3,079,000 | 14.49 |
| 3 | Elate Investments & Holding (Pvt.) Ltd. | 5,420,000 | 25.51 | 5,420,000 | 25.51 |
| 4 | Vivid Colors Pvt. Ltd. | 10,200,000 | 48.00 | 10,200,000 | 48.00 |
| | Total | 19,824,342 | 93.31 | 19,824,342 | 93.31 |

1.6 The Preference Shares carry the preferential rights as provided in the Companies Act, 1956. There is no restriction on distribution of dividends and repayment of Capital with respect to any shares and the same would be governed by the provisions of the Companies Act,1956.

1.7 No Shares have been reserved for issue under options and contracts /commitments for the sale of shares / disinvestments.

1.8 No shares have been allotted as fully paid up pursuant to contracts without payment being received in cash.

1.9 No bonus shares have been issued and no shares have been bought back.

1.10 No convertible securities are outstanding at the end of the reporting period nor any calls are unpaid.

1.11 The Company proposes to raise Equity Share Capital of Rs.10.63 Crores on Rights Basis and has filed a Draft Letter of Offer with Securities and Exchange Board of India (SEBI).

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 2

(₹ Lacs)

| Particulars | As at 31st March,2013 | As at 31st March,2012 |
|---|--------------------------|--------------------------|
| RESERVES AND SURPLUS | | |
| Capital Reserves | | |
| As per last account | 0.11 | 0.11 |
| Security Premium Reserve | | |
| As per last account | 2,049.29 | 2,049.29 |
| Surplus | | |
| As per last account | (24,546.35) | (18,448.84) |
| Add: Net Profit/(Loss) transferred from Profit/(Loss) Statement | (3,533.17) | (6,097.51) |
| Surplus i.e. balance in Profit & Loss Statement | (28,079.52) | (24,546.35) |
| Total | (26,030.12) | (22,496.95) |

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 3

(₹ Lacs)

| Particulars | As at 31st March,2013 | As at 31st March,2012 |
|---|--------------------------|--------------------------|
| 3.1 Non-Current Liabilities | | |
| (a) Long Term Borrowings | | |
| 1 Bonds / Debentures (Secured) | | |
| Non-Convertible Debentures | | |
| Vivid Colors Pvt. Ltd. | — | 8,403.85 |
| IFCI Ltd. | 6,665.85 | — |
| 2 Other Term Loans (Secured) | | |
| IFCI Ltd. (as Nodal Agency for Excise Loan from Govt. of India) | 350.37 | 366.37 |
| 3 Deferred Payment Liabilities (Unsecured) | | |
| Deferred Sales Tax | 700.16 | 1,200.16 |
| Total | 7,716.38 | 9,970.38 |
| (b) Deferred Tax Liabilities (Net) | | |
| (c) Other Long Term Liabilities (Unsecured) | | |
| 1 Unsecured Loan from Related Parties | 100.00 | 100.00 |
| 2 Other Long Term Liabilities (Unsecured) | 1,693.66 | 2,290.41 |
| Total | 1,793.66 | 2,390.41 |
| (d) Long Term Provisions | | |
| 1 Accrued Leave Liabilities | 288.79 | 266.33 |
| 2 Accrued Gratuity Liabilities | 1,388.63 | 1,299.85 |
| 3 Total | 1,677.42 | 1,566.18 |
| Total | 11,187.46 | 13,926.97 |

- 3.2 The Non-Convertible Debentures (NCDs) have been secured by creating mortgage on land at Chimur, district Chandrapur, Maharashtra in favour of Debenture Trustees namely IDBI Trusteeship Services Ltd., Mumbai besides mortgage on all other immovable properties.
- 3.3 The NCDs held earlier by the Strategic Investors, M/s. Vivid Colors Pvt. Ltd. were sold by them to IFCI Ltd., pursuant to a Memorandum of Understanding (MOU) and a Debenture Sale Agreement both dated 28th June, 2012 between IFCI Ltd., the Company and the Strategic Investors with a provision of buy-back of the NCDs, as security for settlement of the transaction between IFCI Ltd. and the Company. The transaction is to be concluded, as per the MOU, on or before 30th June 2013.
- 3.4 The Interest free Central Excise Loan from Govt. of India disbursed through IFCI Ltd. has been secured by creating mortgage on immovable properties of the Company.
- 3.5 As per Scheme of Compromise, approved by the Hon'ble Calcutta High Court no separate interest is payable on the Non-Convertible Debentures.
- 3.6 As per the Scheme sanctioned by BIFR, the unsecured loans of Rs.200 lacs are convertible into equity shares at par with a lock-in period of 3 years from the date of allotment.

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 4

(₹ Lacs)

| Particulars | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| 4.1 Current Liabilities | | |
| (i) Short Term Borrowing | | |
| (a) Loan Repayable on Demand Loans from Banks | 392.50 | 30.20 |
| (b) Other Loans & Advances | 670.47 | 345.00 |
| Total | 1,062.97 | 375.20 |
| (ii) Trade Payables | | |
| (a) Sundry Creditors for Supply & Services | 6,458.76 | 4,718.65 |
| (b) Sundry Creditors -Micro and Small Enterprises | 8.24 | 9.32 |
| Total | 6,467.00 | 4,727.97 |
| (iii) Other Current Liabilities | | |
| (a) Current Maturities of Long Term Debts | | |
| Loan from Asset Reconstruction Company (India) Ltd. | | 2,125.00 |
| Excise Loan from Govt. of India | 352.00 | 336.00 |
| Non Convertible Debentures | 1,280.00 | 494.40 |
| (b) Interest Accrued and due on Borrowings | 176.27 | 385.45 |
| (c) Interest Accrued and due on Statutory Liabilities | 477.94 | 365.52 |
| (d) Unpaid Matured Debentures | 36.00 | 86.81 |
| (e) Loan from IFCI Ltd. | 1,565.00 | - |
| (f) Other Payables | 13,242.43 | 9,324.18 |
| Total | 17,129.64 | 13,117.36 |
| (iv) Short Term Provisions | | |
| (a) Provision for Employee Benefits | | |
| Accrued Leave Liabilities | 35.56 | 24.80 |
| Accrued Gratuity Liabilities | 102.95 | 84.02 |
| Bonus | 1.90 | 3.82 |
| (b) Other | | |
| Total | 140.41 | 112.64 |
| Total | 24,800.02 | 18,333.18 |

4.2 Loans from Banks (Sl.No.(i)(a) include the loans of Rs.22.54 Lacs (Prev.Yr.Rs.22.43Lacs) against Fixed Deposits and overdraft of Rs. 369.96 Lacs (Prev.Yr.Rs.7.77 Lacs).

(₹ Lacs)

| 4.3 Status of Security | As on 31st March, 2013 | As on 31st March, 2012 |
|--|------------------------|------------------------|
| Following amounts are secured by mortgage on Fixed Assets of the Company | | |
| Current Maturities of Long Term Debts | | |
| Loan from Asset Reconstruction Company (India) Ltd. | 0.00 | 2,125.00 |
| Excise Loan from Govt. of India | 352.00 | 336.00 |
| Non Convertible Debentures | | |
| Allahabad Bank | - | 58.40 |
| Industrial Investment Bank of India (IIBI) | - | 36.00 |
| Vivid Colors | - | 400.00 |
| IFCI Ltd. | 1,280.00 | - |
| Interest Accrued and due on Borrowings | 11.93 | 329.34 |
| Unpaid Matured Debentures & Interest accrued thereon | | |
| Non Convertible Debentures | | |
| Allahabad Bank | - | 29.50 |
| Industrial Investment Bank of India (IIBI) | 36.00 | 18.31 |
| Vivid Colors | - | 39.00 |
| Total | 1,679.93 | 3,371.55 |

In addition, the loans from Arcil and NCDs issued to Allahabad Bank and IIBI Ltd. have been guaranteed by Sri Satyadeva Prakash Sinha and Sri Shailendra Prakash Sinha, the promoters to the full extent.

4.4 Loan from IFCI
Secured by Non-Convertible debentures held by the Strategic Investors and sold to IFCI Ltd. with a provision of buy-back and pledge of shares held by the Investors in the Company. Also refer to Note 3.3

1,565.00

4.5 Details of continuing defaults

| Sl. No. | Name of Lenders | Default as on 31st Mar' 13 | Period of Default | Default as on 31st Mar'12 | Period of Default |
|---------|--|----------------------------|-------------------------|---------------------------|------------------------|
| 1 | Allahabad Bank | - | Payable on 31st, Mar'13 | 29.50 | Payable on 31st Mar'12 |
| 2 | Industrial Investment Bank of India (IIBI) | 36.00 | Do | 18.31 | Do |
| 3 | Vivid Colors | | | 39.00 | Do |
| 4 | Excise Loan from Govt. of India | 102.00 | Do | 153.00 | Do |
| 5 | Total | 138.00 | Do | 239.81 | Do |

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
NOTE - 5

(₹ Lacs)

FIXED ASSETS

| Sl. No | Description of Assets | Gross Block | | | Depreciation | | | | Net Block | | |
|---|--------------------------|-------------------------|-------------------------------|---------------------------------------|-------------------------|---------------------------------|---|------------------------------------|---|---------------------|---------------------|
| | | Cost upto 31 March 2012 | Additions during year 2012-13 | Sold or Discarded during year 2012-13 | Cost upto 31 March 2013 | Depreciation upto 31 March 2012 | Adjustment of depreciation on Sold / Discarded Assets 2012-13 | Provision for depreciation 2012-13 | Total depreciation upto 31 March 2013 (5-6+7) | As on 31 March 2013 | As on 31 March 2012 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | | |
| Tangible Assets | | | | | | | | | | | |
| 1. | Land | 4.07 | 0.00 | 0.00 | 4.07 | 0.00 | 0.00 | 0.00 | 0.00 | 4.07 | 4.07 |
| 2. | Quarry Development | 1,605.21 | 0.00 | 0.00 | 1,605.21 | 1,028.89 | 0.00 | 72.16 | 1,101.05 | 504.16 | 576.32 |
| 3. | Plant & Machinery | 24,237.46 | 142.49 | 0.00 | 24,379.95 | 18,269.63 | 0.00 | 801.74 | 19,071.37 | 5,308.58 | 5,967.83 |
| 4. | New Building Factory | 1,729.70 | 0.00 | 0.00 | 1,729.70 | 972.94 | 0.00 | 56.96 | 1,029.90 | 699.80 | 756.76 |
| 5. | New Building Non-Factory | 446.68 | 0.00 | 0.00 | 446.68 | 126.45 | 0.00 | 7.13 | 133.58 | 313.10 | 320.23 |
| 6. | Railway Siding | 669.84 | 0.63 | 0.00 | 670.47 | 547.53 | 0.00 | 35.25 | 582.78 | 87.69 | 122.31 |
| 7. | Furniture & Fittings | 45.22 | 0.25 | 0.00 | 45.47 | 29.02 | 0.00 | 1.36 | 30.38 | 15.09 | 16.20 |
| 8. | Motor Cars | 65.19 | 14.37 | 0.52 | 79.04 | 26.77 | 0.49 | 5.61 | 31.89 | 47.15 | 38.42 |
| 9. | Roads & Bridges | 10.36 | 0.00 | 0.00 | 10.36 | 9.83 | 0.00 | 0.00 | 9.83 | 0.53 | 0.53 |
| 10. | Office Equipments | 270.12 | 2.51 | 0.00 | 272.63 | 216.31 | 0.00 | 9.51 | 225.82 | 46.81 | 53.81 |
| 11. | Electrical Equipments | 131.36 | 0.00 | 2.50 | 128.86 | 106.67 | 0.12 | 3.18 | 109.73 | 19.13 | 24.69 |
| Total Tangible Assets | | 29,215.21 | 160.25 | 3.02 | 29,372.44 | 21,334.04 | 0.61 | 992.90 | 22,326.33 | 7,046.11 | 7,881.17 |
| Intangible Assets : Software | | 5.88 | 0.00 | 0.00 | 5.88 | 3.97 | 0.00 | 0.52 | 4.49 | 1.39 | 1.91 |
| Total Tangible & Intangible Assets | | 29,221.09 | 160.25 | 3.02 | 29,378.32 | 21,338.01 | 0.61 | 993.42 | 22,330.82 | 7,047.50 | 7,883.08 |
| Figures for Previous Year | | 28,792.35 | 428.74 | 0.00 | 29,221.09 | 19,927.17 | 0.00 | 1,410.84 | 21,338.01 | 7,883.08 | |

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 8

(₹ Lacs)

| Particulars | As at 31st March, 2013 | As at 31st March, 2012 |
|--|---------------------------|---------------------------|
| 8.1 Short Term Loans & Advances | | |
| (a) Loans & Advances to related parties | - | - |
| (b) Loans & Advances to Others | 184.28 | 307.33 |
| (c) Excise Duty Advance | 1048.56 | 100.44 |
| (d) TDS / Entry Tax | 205.00 | 14.96 |
| Total | 1,437.84 | 422.73 |

8.2 Classification of Short Term Loans & Advances based on the nature of security

| | | |
|-------------------------------|----------|--------|
| a) Secured, considered good | | |
| b) Unsecured, considered good | 1,437.84 | 422.73 |
| c) Doubtful | - | - |

8.3 Loans & Advances due by Directors or other officers of the Company or by specified class of firms or private companies.

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NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 9

(₹ Lacs)

| Particulars | As at 31st March, 2013 | As at 31st March, 2012 |
|-----------------------------|---------------------------|---------------------------|
| Other Current Assets | | |
| (a) Prepaid Railway Freight | 32.54 | 38.05 |
| (b) Other Receivables | 70.66 | 59.89 |
| (c) Others | - | - |
| Total | 103.20 | 97.94 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 10

(₹ Lacs)

| Particulars | For The Year Ended 31-Mar-13 | For The Year Ended 31-Mar-12 |
|--------------------------------|------------------------------|------------------------------|
| Revenue from Operations | | |
| Sale of Products | 30,190.82 | 21,978.50 |
| Other Operating Revenue | 32.84 | 83.52 |
| Total | 30,223.66 | 22,062.02 |
| Less : | | |
| Excise Duty | 4,317.19 | 3,020.06 |
| Total | 25,906.47 | 19,041.96 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 11

(₹ Lacs)

| Particulars | For the year ended 31-Mar-13 | For the year ended 31-Mar-12 |
|---|------------------------------|------------------------------|
| Other Income | | |
| 1 Value Added Tax Reimbursement | 1,523.20 | 2,344.00 |
| 2 Interest Income | | |
| On Fixed Deposit - Banks | 19.63 | 16.43 |
| (including TDS Rs. 1.65 Lac Current Year. Prev. Year Rs.1.53 lac) | | |
| 3 Dividend Income | 0.00 | 0.00 |
| 4 Other non-operating income | 61.89 | 62.31 |
| Total | 1,604.72 | 2,422.74 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 12

(` Lacs)

| Particulars | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|-----------------------------------|--|--|
| Cost of Materials Consumed | | |
| Gypsum | 957.07 | 571.30 |
| Fly Ash | 2,650.91 | 2,037.36 |
| Iron Ore | 686.40 | 464.35 |
| Clinker | 0.00 | 446.48 |
| Limestone | 14.78 | 10.63 |
| Pozzolana | 0.07 | 2.13 |
| Carbon Black | 0.23 | |
| Total | 4,309.46 | 3,532.25 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 13

(` Lacs)

| Particulars | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|-------------------------------------|--|--|
| Other Manufacturing Expenses | | |
| Power & Fuel | 12,300.65 | 9,205.67 |
| Consumption of Stores & Spare Parts | 504.23 | 1,152.87 |
| Consumption of Packing Materials | 1,154.66 | 916.23 |
| Repairs to Buildings | 0.00 | 0.00 |
| Repairs to Machinery | 393.45 | 204.94 |
| Repairs to Others | 70.10 | 152.87 |
| Mining Equipment Handling Charges | 1,397.04 | 1,055.89 |
| Royalty & Cess | 381.80 | 331.28 |
| Freight & Transport Charges | 150.79 | 127.54 |
| Total | 16,352.72 | 13,147.29 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 14

(₹ Lacs)

| Particulars | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|------------------------------------|--|--|
| 14.1 Changes in Inventories | | |
| Closing Stocks | | |
| Limestone | 226.74 | 601.26 |
| Materials - in - process | 184.85 | 400.91 |
| Finished goods | 412.57 | 173.09 |
| Total Closing Stocks | 824.16 | 1,175.26 |
| Opening Stocks | | |
| Limestone | 601.26 | 817.00 |
| Materials - in - process | 400.91 | 310.31 |
| Finished goods | 173.09 | 431.47 |
| Total Opening Stocks | 1,175.26 | 1,558.78 |
| Changes in Inventories | | |
| Limestone | 374.52 | 215.74 |
| Materials - in - process | 216.06 | (90.60) |
| Finished goods | (239.48) | 258.38 |
| Total Variation in Stocks | 351.10 | 383.52 |

- 14.2 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 59.24 lacs and Rs. 27.17 lacs have been included in the respective value of stocks in Silo, at depots and in transit and recognized separately under Note 14 forming part of the Profit & Loss Statement in terms of the provisions of the Accounting Standard (AS)-9.

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 15

(₹ Lacs)

| Particulars | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| Employee Benefits Expense | | |
| Salaries & Wages | 2,398.44 | 2,279.75 |
| Bonus and Leave Wages | 72.64 | 58.96 |
| Directors' Salary & Benefits | 165.40 | 155.23 |
| Contribution to Provident & Superannuation Funds (including Rs. 7.77 Lac for Directors' provident fund-Prev. Year Rs.7.34 lac) | 320.06 | 304.91 |
| Staff Welfare Expenses | 358.16 | 283.10 |
| Total | 3,314.70 | 3,081.95 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 16

(₹ Lacs)

| Particulars | For the year ended 31-Mar-13 | For the year ended 31-Mar-12 |
|-------------------------------------|------------------------------|------------------------------|
| Finance Costs | | |
| Interest Expense | | |
| 1 On Borrowings from Banks & Others | 592.15 | 459.87 |
| 2 On BSEB & Statutory Dues | 978.44 | 652.04 |
| 3 On Security Deposits | 12.00 | 12.00 |
| Total | 1,582.59 | 1,123.91 |

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT

NOTE - 17

(₹ Lacs)

| Particulars | For the year ended 31-Mar-13 | For the year ended 31-Mar-12 |
|---|------------------------------|------------------------------|
| Other Expenses | | |
| 1 Rent | 56.07 | 34.24 |
| 2 Insurance | 39.14 | 33.10 |
| 3 Rates & Taxes | 2.56 | 3.11 |
| 4 Other Overhead Expenses | | |
| Auditors Remuneration & Expenses | | |
| Auditors | 3.75 | 3.75 |
| For Management Services | 0.95 | 0.66 |
| For reimbursement of expenses | 3.03 | 2.23 |
| Legal Expenses | 45.74 | 41.60 |
| Printing, Stationery & Advertisement | 25.89 | 15.51 |
| Postage, Telegram, Telephone & Lighting | 25.99 | 28.88 |
| Travelling & Motor Car Expenses | 153.13 | 158.77 |
| Miscellaneous Expenses | 119.94 | 105.11 |
| Bank Charges & Commission | 29.04 | 19.41 |
| Directors' Fee for Board Meeting | 1.70 | 1.85 |
| Research Fees | 5.50 | 4.74 |
| Commission on Sales | 80.74 | 69.13 |
| Consultation Fees & Expenses | 86.97 | 36.38 |
| Right Issue Expenses | 6.94 | 0.00 |
| Total Other Expenses | 687.08 | 558.47 |

KALYANPUR CEMENTS LIMITED**ACCOUNTING POLICIES ON BALANCE SHEET AND PROFIT & LOSS STATEMENT FOR THE
YEAR ENDED 31st MARCH,2013.****NOTE - 18**

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

1. The accounts have been drawn-up on the basis of historical cost. Impact of changing prices has not been given either in the Financial Statements or in the notes thereto.
2. Depreciation on historical cost is calculated on straight line method in terms of Section 205 (2)(b) read with Section 350 and Schedule XIV of the Companies Act, 1956. In respect of sale/disposal of fixed assets during the year, no depreciation is provided.
3. The carrying amounts of Fixed assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.
4. Stock of Raw Materials and Work-in-Progress have been valued at weightage average cost or net realizable value, whichever is lower. Stock of Finished Goods has been valued at the lower of the cost or net realisable market value. Stores & Spares are valued at average cost.
5. Retirement benefits in the form of Gratuity and Leave are determined on actuarial basis at the end of the year.
6. Fixed assets are valued at historical cost less depreciation.
7. Contingent Liabilities as disclosed, have not been provided for. Other liabilities are accounted for in the year in which the same are determined.
8. **Revenue Recognition**
Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.
Sale of Goods : Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sales returns and sales tax.
Interest : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.
Dividend : Revenue is recognised when the right to receive is established.
9. Expenses are recognised on accrual basis.
10. Transactions involving foreign exchange are translated into Rupee on the basis of prevailing exchange rates on the date of transaction. Impact of difference in exchange rate is accounted for in the year in which the transactions are finally determined.
11. Occurrences of events after the Balance Sheet date and having material effect on the revenue statements of the year under review have been considered in drawing-up the accounts.
12. Company's accounts are being maintained on going concern basis.

KALYANPUR CEMENTS LIMITED**NOTES ON BALANCE SHEET AS ON 31st MARCH, 2013.**

NOTE - 19

1.0 Contingent Liabilities :**Claims against the Company not acknowledged as debt :**

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

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

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

However, at the time of issuing the revised Energy Bill, BSEB wrongly levied DPS of Rs. 6.27 Crs on the ground that since the dues were reconciled as on 31st March, 2008, the company was liable to pay the said amount soon after reconciliation and since the same was not paid, the company was liable to pay DPS thereon. The Company's argument that DPS cannot be levied in terms of the Tariff Order till the revised Energy Bill was issued was not accepted by BSEB and the company, under duress, had to agree to pay the DPS amount of Rs. 6.27 Crs to avoid disconnection of the electricity line. Aggrieved by the order of BSEB to levy the DPS of Rs. 6.27 Crs even though the correct energy bill after reconciliation had not been issued, the company has approached the Hon'ble Patna High Court. Therefore, the company has not provided for the DPS amount of Rs. 6.27 Crs. although the same is being paid under protest as a part of the total dues in monthly installments.

- 1.3 Unexecuted Capital Commitments :** Estimated amount of Contracts remaining to be executed on Capital Account and not provided for amount to Rs. 26.53 Lacs (Previous Year Rs. 26.53 Lacs).
- 1.4 Cumulative Dividend on Preference Shares :** On approval of the scheme of compromise by the Hon'ble Calcutta High Court, the Preference share capital was reduced by 85%. The Preference shares, after reduction of the share capital have face value of Rs. 15/- each. The said Preference shares carry a coupon rate of 0.1%. The cumulative dividend on such shares with effect from the date of approval of the scheme of compromise i.e. 21st November, 2006 till 31st March'13 amounted to Rs. 4.21 lacs.

Guarantees

- 1.5 Counter-guarantees given by the Company :** Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs.135.34 Lacs (Previous Year Rs.136.84 Lacs).

