

ANNUAL REPORT

2011–12

// KALYANPUR //
Cements Limited

Board of Directors

Sri Satyadeva P. Sinha, Executive Chairman
Sri Shailendra P. Sinha, Managing Director
Sri Anant P. Sinha, Joint Managing Director
Sri Mahesh Prasad (Upto 28.07.2011)
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
Sri Bimlanand Jha (w.e.f. 29.07.2011)

1. Auditors

M/s M. Mukerjee & Co.

2. Internal Auditors

M/s B. Gupta & Co.

3. Cost Auditors

M/s Mitra, Bose & Associates

Registered Office

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

Corporate Office

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

Audit Committee

Sri D.N. Bhandari, Chairman
Dr. K.C. Varshney
Sri Dhananjay Lodha
Sri Arun Sharma (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, 2012*****The Shareholders,***

Your Directors submit herewith their Report together with the audited accounts for the year ended 31st March '2012

1. FINANCIAL RESULTS**(Rupees in Lacs)**

	Year ended 31.03.2012	Year ended 31.03.2011
Total Turnover including other income	21464.70	23756.91
1. Profit before depreciation, interest, tax and other appropriations	(2117.98)	(54.06)
2. Less :		
Interest and Finance Charges	1123.91	299.79
3. Depreciation / amortization	1467.11	1380.64
4. Fringe Benefit Tax	0.05	
5. Net Profit (Loss)	(4709.05)	(1734.49)
6. Extraordinary Items	(1388.46)	8754.71
7. Profit/(Loss) after Extraordinary Items	(6097.51)	7020.22

2.0 PRODUCTION

Clinker and Cement production were lower during the year on account of maintenance of the Kiln during December, 2011 and January 2012. On account of the above, capacity utilization in Clinker and Cement production during the year was 77 % and 63 % respectively as against 88 % and 76 % achieved last year .

3.0 FINANCIAL PERFORMANCE

The growth of 8.6% witnessed during 2010-11 could not be sustained during 2011-12 due to inflationary pressures which had surfaced in 2010-11 and continued in 2011-12 , and remained a major concern for the Govt. The RBI pursued a tight money policy to contain inflation resulting in increased borrowing costs which impeded investment and consumption growth . Impacted by steep decline in manufacturing growth to an estimated 3.9 % compared to 8 % last year and lower agricultural growth at 2.5 %, GDP growth fell to an estimated level of 6.9 % after two successive years of over 8 % growth . Excess capacity in Cement, coupled with the economic slowdown affected the performance of the Industry ,as both production and consumption of Cement on All India basis grew marginally by 6% as against 5 % last year , which was already a decadal low. Lower plant availability coupled with reduced selling prices and high operating costs resulted in steep fall in turnover and substantially increased losses from operation during the year.

4.0 FINANCES

2011-12 was the second successive year of extremely low growth in demand with virtually stagnant cement realization, despite 100 % hike in pit head cost of Coal and over 25 % increase in power cost, the two major cost components in Cement manufacture. The Company was called upon to pay FCPPA retrospectively which together with some other elements of cost had extraordinary impact on the financial position of the company. The company during the year under report had a negative operating margin of Rs. 21.18 Crs. and a cash loss of Rs. 32.41 Crs. The net loss for the year amounted to Rs. 47.09 Crs. which was caused mainly due to unprecedented rise in cost of fuel and power besides the cost of transportation and shortfall in production due to plant shutdown for major repairs. The company also provided for some of the accrued liabilities amounting to Rs. 13.88 Crs. towards energy cost and interest on mining royalty, the total loss for the year being Rs. 60.98 Crs.

Load restrictions imposed by the transport dept. of the Govt. of Bihar resulted in significant increase in transportation cost and considering all the elements of cost escalation, overall variable cost per ton of cement increased by 30% over the previous year while cement realization remained flat.

Burdened with continued hike in input costs which could not be passed on due to sluggish demand, the Company experienced severe financial distress. On account of financial constraints, the Company was not in a position to fully service its liabilities including statutory dues and there was thus substantial increase in liabilities.

The Board for Industrial and Financial Reconstruction (BIFR) sanctioned the rehabilitation scheme in February, 2012. The reimbursement of Value Added Tax amounting to Rs. 41 Crs. by the Govt. of Bihar pursuant to the Rehabilitation Scheme sanctioned by BIFR did help mitigate the situation to some extent by clearing the sales tax, electricity and some part of mining royalty dues.

The coming period might see further increase in operating costs following recent hike of 20% in Railway freight effective from March '2012. Diesel prices also may go up which will escalate freight cost. Excise duty was also increased during the period.

The overhaul of the Kiln has resulted in significant improvement in its operational efficiency in terms of output and lower energy consumption since February 2012, which will result in cost savings for the Company.

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. The Company's shares were earlier listed on Magadh Stock Exchange also which has since been derecognised by the Securities and Exchange Board of India. There are no arrears of Annual Listing Fees pending with the Company.

7.0 AUDITORS' REPORT

The remarks contained in the Auditors' Report have been appropriately explained in ANNEXURE - 1 to the Directors' Report.

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 31.03.2012.

- 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, Dr. K.C. Varshney and Mr. Dhananjay Lodha Directors retire by rotation in this Annual General Meeting and being eligible offer themselves for reappointment.

11.0 AUDITORS

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

12.0 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

13.0 PARTICULARS REGARDING EMPLOYEES

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

14.0 MANAGEMENT DISCUSSION AND ANALYSIS

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

15.0 APPRECIATION

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

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

Patna
Dated : 25th May, 2012

On behalf of the Board
Satyadeva Prakash Sinha
Executive Chairman

ANNEXURE – 1

AUDITOR'S REMARKS AND MANAGEMENT'S REPLIES

Sl. No.	Remarks	Explanation
3(i) of Auditors Report	As stated in para 1.1 and 1.2 of Note 19 to 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.	The amounts in dispute have been disclosed in para 1.1 and 1.2 of Note 19 to the Balance Sheet.
3(ii) of Auditors Report	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
3(iii) of Auditors' Report	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.6097.51 Lacs for the year amount to Rs. 24546.35 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs.19709.81 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 net worth will become positive and the company therefore expects to continue as a going concern.
(ix) of Annexure to Auditors Report	According to information and as explained to us, there have been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Sales-tax, Service Tax, Excise Duty, cess and other statutory dues with the appropriate authorities. The extent of arrears as on 31 st March, 2012 in respect of dues over six months are as below :-	With improvement in operations and financials in 2009-10, the payment position of statutory dues had significantly improved. The statutory dues payments were generally regular in F.Y. 2010-11 also. However, due to adverse market 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 under report resulting in liquidity constraint. As a result, various statutory dues as mentioned below could not be paid in time. However, the position with regard to each of the dues is given separately as under:

Sl. No.	Remarks	Explanation
(ix) of Annexure to the Auditors' Report	<p>a) Royalty on Limestone - Rs. 633.69 Lacs.</p> <p>As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 633.69 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.</p> <p>c) Provident Fund, EPS, - Rs.436.44 Lacs</p> <p>d) Tax deducted at Source (TDS) – Rs.104.13</p>	<p>(a) Royalty on Limestone</p> <p>The sanctioned scheme provides for payment of royalty dues of Rs. 466 Lacs and the same will be paid out of the VAT subsidy amount receivable from the Govt. of Bihar. The remaining amount will also be paid on receipt of VAT subsidy</p> <p>(b) C R Account</p> <p>This will be paid as per the scheme sanctioned by BIFR.</p> <p>(c) Provident Fund</p> <p>The company has sought installment facility from the appropriate authorities for payment of the P. F dues which is expected to be received in due course. After grant of installment facility, the payments of the dues will be made on regular basis.</p> <p>(d) T D S</p> <p>This will be paid soon.</p>
(x) of Annexure to the Auditors Report	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.	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 No. 3 (iii) of their report.
(xi) of Annexure to the Auditors Report	Some defaults have taken place in payment of dues to Financial Institutions, Banks, Debentureholders and the Central Govt. as referred to in Note 3 & 4 to the Balance Sheet.	The 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.

ANNEXURE-2

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 Mahesh Prasad (upto 28.7.2011)	Non-Executive	Independent	-	Nominee of the Govt. of Bihar
05	Shri Bimlanand Jha (w.e.f. 29.7.2011)	Non-Executive	Independent	-	Nominee of the Govt of Bihar
06	Shri D.N. Bhandari	Non-Executive	Independent	176	Please ref. Clause 7(v)(d)
07	Shri B.C. Srivastava	Non-Executive	Independent	-	
08	Dr. K.C.Varshney	Non-Executive	Independent	-	
09	Shri Mahendra Lodha	Non-Executive	Independent	-	
10	Shri Arun Sharma (Upto 9.5.2012)	Non-Executive	Independent	-	Nominee of Asset Reconstruction Company (India) Ltd. (both Lender and Equity Investor).
11	Shri K. Balasubramanian (upto 24.5.2012)	Non-Executive	Independent	-	
12	Shri Dhananjay Lodha	Non-Executive	Independent	-	

The company presently has three Directors on its Board from Promoter category. The remaining six 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, 2012 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	4	4	No
02	Shri Shailendra Prakash Sinha	4	4	No
03	Shri Anant Prakash Sinha	4	4	No
04	Shri Mahesh Prasad	1	-	No
05	Shri Bimlanand Jha	3	1	No
06	Shri D.N. Bhandari	4	4	No
07	Shri B.C. Srivastava	4	4	Yes
08	Dr. K.C. Varshney	4	4	No
09	Shri Mahendra Lodha	4	2	No
10	Shri Arun Sharma	4	3	No
11	Shri K. Balasubramanian	4	1	No
12	Shri Dhananjay Lodha	4	-	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 Mahesh Prasad (upto 28.7.2011)	N.A.	N.A.	N.A.	N.A.
Shri Bimlanand Jha (w.e.f. 29.7.2011)	1	-	-	-
Shri D.N. Bhandari	1	-	1	2
Shri B.C. Srivastava	2	-	2	-
Dr. K.C. Varshney	3	-	1	3
Shri Mahendra Lodha	9	-	6	5
Shri Arun Sharma (upto 9.5.2012)	1	-	2	-
Shri K. Balasubramanian (upto 24.5.2012)	1	-	-	-
Shri Dhananjay Lodha	2	-	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 on March 31, 2012, the Board of Directors held 4 meetings. These were held on:

Meeting Serial Number	Date	Meeting Serial Number	Date
1	20 th May, 2011	3	21 st Oct., 2011
2	29 th July, 2011	4	3 rd Feb., 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	Member	Non-Executive Independent
05	Shri B.C. Srivastava	Member	Non-Executive Independent

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

(ii) **The following meetings of Audit Committee were held during the year ended 31.3.2012.**

Meeting Sl.No.	Date	Meeting Sl.No.	Date
1	20 th May, 2011	3	21 st Oct., 2011
2	29 th July, 2011	4	3 rd Feb., 2012

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

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

(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 20th May 2011 to consider grant of Annual increment to the executive directors of the Company.

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

- 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 meeting of the Remuneration Committee held on 20th May 2011.

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

(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 Sl.No.	Location	Date	Time
1	71 st AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	24.9.2011	11.30 A.M.
2	70 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	28.9.2010	11.30 A.M.
3	69 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	19.9.2009	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 24.9.2011.
- (iii) No special resolution was passed during the year 2011-12 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 6 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 2011-12 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	33.15	31.95	29.58	94.68
Benefits	22.19	20.15	18.21	60.55
Bonus	-	-	-	-
Stock Option	-	-	-	-
Pension	-	-	-	-
Provident Fund	-	3.82	3.52	7.34
Total	55.34	55.92	51.31	162.57

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

Service Contract :

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

(b) Severance Fees :

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

Stock Option Details : Nil

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

In view of accumulated loss, the company does not pay any remuneration to non-executive Directors except sitting fees for attending the meetings of the Board of Directors or the Committees thereof. The details of sitting fees paid during the year ended 31st March' 2012 are as under:

Name of the Director	Amount of Sitting Fee (Rs.)
Shri D.N. Bhandari	45,000
Shri B.C. Srivastava	45,000
Dr. K.C. Varshney	45,000
Shri Arun Sharma	35,000
Shri K. Balasubramanian	5,000
Shri Mahendra Lodha	10,000
TOTAL	1,85,000

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

(vi) **Management**

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

(vii) **Shareholders**

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

Details of the Directors proposed to be reappointed:

1. Dr. K. C. Varshney

Dr. K. C. Varshney, aged about 74 years, is a Chemical Engineer and a doctorate in Chemical Engineering. He has served Industrial Development Bank of India (IDBI) at various positions and has long experience in Development Finance. He retired as Executive Director, IDBI.

He is also associated as director of companies namely Cheema Spintex Ltd., Jasch Industries Ltd., Bollywood.com.p.Rtec. Pvt. Ltd. besides serving on the committees of the Board of Directors of the companies. He does not hold any share of the company.

2. Shri Dhananjay Lodha

Shri Dhananjay Lodha, 29, is a Graduate Engineer in Material Science Engg. and Biomedical Engg. from Carnegie, Mellon, USA and an M.B.A. from Columbia Business School, New York, USA. He is director in Bihar Hotels Ltd. He does not hold any share in the company. He is related with Mr. Mahendra Lodha, Director of the Company.

Details of the Director proposed to be appointed :

Shri A. K. Mallick

Shri A. K. Mallick, aged about 58 years, is the Director Technical Development, Govt. of Bihar and he has been nominated on the company's Board in place of Shri Bimla Nand Jha, the earlier nominee director of the Govt. Bihar. Shri Mallick is a Science Graduate besides being a Law Graduate. He is an officer of Bihar Administrative Service Since, 1980. He has held various positions in the State Government like Additional Director, Industry Department, Joint Secretary, Sugarcane and Joint Secretary, Bihar State Electricity Board. He is the Managing Director of BICICO Ltd. He does not hold any share of the Company.

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

(b) Relationship

Shri Dhananjay Lodha is related with Shri Mahendra Lodha, a director of the Company. Dr. K. C. Varshney is not related with any director of the company. Shri A. K. Mallick is not related with any director of the Company.

- (c) The Quarterly Results and presentations are not sent by the company to the Analysts. The company regularly sends its Quarterly Results to the Stock Exchanges where its shares are listed.
- (d) The Company has formed a Board Committee under Chairmanship of a Non Executive Independent Director to look into redressal of the shareholders' and investors' complaints. The Committee is designated as "Share Transfer and Shareholders' Grievance Redressal Committee". The constitution of the committee is given at paragraph No. 5.
- (e) The Board has already formed a committee known as "Share Transfer and Shareholders' Grievance Redressal Committee" for expeditious transfer of shares and the Company expeditiously transfers the shares as and when requests for such transfers are received. This committee has been mandated the following terms of reference :
 - (i) To transfer the shares as and when the requests for transfer are received with requisite documents.
 - (ii) To look into the investors' grievance as and when received and redress the same to their satisfaction.
- (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 already started a website.
- (iv) The company does not display the official news release. In fact, the company generally does not issue news releases.
- (v) The company from time to time makes presentation to the State Govt., 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 : Saturday, the 29th September, 2012 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 : 2011-12
- (iii) Book closure date : 24th September, 2012 to 29th September, 2012
- (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 : Trading in Company's shares was earlier suspended by Bombay Stock Exchange (BSE). The suspension in trading was revoked by BSE with effect from 1.2.2010 and trading has started in a small way. The market price data of the year 2011-12 is given below:

(Fig.in Rs.)

Month	High	Low
May, 2011	25.60	25.60
July, 2011	25.60	25.60
Sept., 2011	24.35	24.35
Jan., 2012	24.70	22.45
Feb., 2012	25.90	25.90
March, 2012	31.35	27.15

- (viii) Performance in comparison to Board-based indices such as BSE Sensex, CRISIL Index, etc. : Since the company's shares were in suspension at BSE and suspension has recently been revoked, the trading in shares has started only in a small way and therefore the comparison of company's shares performance with Broad-based indices like BSE Sensex, CRISIL Index etc. will not be feasible.
- (ix) Registrar & Transfer Agents (RTAs) : Link Intime India (P) Ltd.
59C, Chowringhee Road, 3rd Floor,
Kolkata – 700 020,
Phone : 033-22890540
Fax : 033-22890539
E-Mail : Kolkata@linkintime.co.in
- x) Share transfer system : In terms of directives of SEBI to have a common agency for registration of transfers under both physical and 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	655	8630	0.04%
2.	51-100	52	4388	0.02%
3.	101-500	43	10194	0.05%
4.	501-1000	21	16736	0.08%
5.	1001-5000	11	21548	0.10%
6.	5001-10000	1	9730	0.05%
7.	10001-50000	3	64242	0.30%
8.	50001-100000	2	172682	0.81%
9.	100001-500000	1	225128	1.06%
10.	500001 & above	5	20715776	97.49%
	Total	794	21249054	100.00%

Shareholding Pattern :

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

- xii) 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 : N I L
or any Convertible instruments,
Conversion date and likely
impact on equity
- 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 website. The directors and senior members of the Management of the Company have affirmed compliance with the code for the financial year 2011-12. 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 : 25.05.2012

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 | Complete overhaul of pyro circuit reducing coal consumption by 30 Kcal/Kg of Clinker |
| (b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy. | Commissioning of new coal burner and 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 finer control of additive percentage in cement leading to lower power consumption by 1-2 KWH/ton of cement. |

FORM "A"

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

A. POWER & FUEL CONSUMPTION

	Year ended 31.03.2012			Year ended 31.03.2011		
	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)	541.41	3539.00	6.54	600.75	2857.91	4.76
(b) Own Generation through Diesel Generator	—	—	—	—	—	—

	Year ended 31.03.2012			Year ended 31.03.2011		
	Gross Qty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./ tonne)	Gross Qty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./ tonne)
2. Non-Coking Coal - Long Flame (Grade A / B)	0.71	5666.67	8141.06	0.81	4624.10	5711.44

3. Consumption per unit of Production

	Industry Norm (Dry Process)	Year ended 31.03.2012	Year ended 31.03.2011
Electricity (KWH / Ton Cement)	100-115	86	79
Coal for Kiln (K. Cal / Kg. Clinker)	750-850	776	773

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

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

4. Expenditure on R&D	Rs. in Lacs
a) Capital	-
b) Recurring	4.74
c) Total	4.74
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	16.86

On behalf of the BoardSatyadeva Prakash Sinha
Executive Chairman

Patna

Dated : 25th May, 2012

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 capacity of 280 million tonnes per annum as on 31st March'2012. Led by the real estate boom and Govt. spending on infrastructure, demand for cement during the period 2004-05 till 2008-09 grew at a CAGR of 9.23 % even while capacity addition was limited to CAGR of 5.6 % , an outcome of weak financial position of Cement Companies on account of surpluses in the system during the preceding years. With capacity addition limited and demand continuing to grow, supply constraints surfaced and Cement Industry operated at near capacity levels in 2006-07 at 96 %. Increased pricing power of the Industry led to healthy growth in profitability from 2005 till 2009. Encouraged by improved economic outlook, buoyant demand conditions and strong profits , the Industry embarked on capacity enhancement . 108 million tonnes were added in a short period of 4 years from 2007 till 2011 , which was equivalent to the capacity added in preceding 15 years. With infrastructure spending having slowed down considerably , Cement Industry has been left with large unutilized capacity . With supply glut and substantial 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

2011-12 saw significant deceleration of the economy mainly as a result of tight money policy followed by the Govt. to contain persistent inflationary pressure , which adversely affected demand growth. In view of the adverse impact of slowdown on manufacturing growth and consequently the Govt's revenues, Reserve bank has initiated the process of reversing its monetary policy it followed for the last two years by cutting the repo rate by 50 basis points for the first time in three years . Further cuts are expected to boost growth , which has been pegged at 7.6% in 2012-13. A number of measures and incentives like tax holiday for power projects, has been incorporated in the Budget to boost development of infrastructure. A total investment of Rs. 50 lac crores has been planned during 12th plan period for infrastructure development , which will increase demand for cement

2.2 Threats

Since March'2010, RBI hiked the repo rate 13 times to fight double digit inflation , which slowed down investment and consumption growth . Continued rise in input costs emerged as the second major threat to the Cement industry with all major cost elements like Power , Coal, transportation , witnessing substantial hikes , which could not be passed on due to virtually stagnant realizations on account of overcapacity in Industry and failure of revival of demand . Though inflation has to some extent moderated , it continues to be a major threat , which may again force the RBI to hold back further rate cuts , which will hamper the recovery process.

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

With inflation moderating , RBI has already initiated the process of reversing its tight monetary policy by cutting the repo rate by 50 basis points to 8% , for the first time in 3 years to encourage investment activity and push growth. The five objectives set by the Govt. for the fiscal year 2012-13 includes focus on reviving domestic demand and create conditions for high growth in private investment. Govt has accelerated its efforts at attracting dedicated

infrastructure funds by doubling the availability of tax free bonds from 30,000 crores to 60,000 crores . Apart from 14 % higher allocation for roads and highways sector , a higher outlay has been planned for transport and highways sector. A total investment of Rs. 50 lac crores is planned for infrastructure in the 12th Plan period. These measures are expected to revive manufacturing and infrastructure growth , which will take the GDP growth rate to 7.6% in 2012-13 and 8.6 % in 2013-14.

5.0 Risks and concerns

Cement volumes are largely the result of real estate construction accounting for around 35 to 40 % of cement and infrastructure development activity , both of which were subdued by high interest rates and slowdown in infrastructure spending by the Govt. on account of weakening of Govt's finances. Revival of real estate activity depends largely on revival of demand from the realty and infrastructure sectors , which depends on cut in interest rates. Though RBI has cut the repo rate , inflation may rear up again , which will affect further cut in repo rate. Further , while the cut in repo rate announced by the RBI to boost economic growth is expected to result in improved demand only by year end , the company in the meantime will continue to face further hike in energy rates by BSEB to compensate for cost of purchase of fuel even as it confronts with increase in Railway freight and higher excise duty.

6.0 Internal Control Systems and their adequacy

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

7.0 Financial performance with respect to operational performance

2011-12 was one of the gloomiest period for Cement Industry in recent memory , as the Industry continued to grapple with the problem of high input costs in a market hit by slowdown in consumption growth for the second successive year as a result of govt's tight money policy . Coupled with lower availability of plant on account of breakdown and two months stoppage of the Kiln for maintenance , resulting in decline in operational performance , the Company incurred huge operating losses. While the cut in repo rate announced by the RBI to boost economic growth is expected to result in improved demand only by year end , the company in the meantime will continue to face further hike in energy rates by BSEB to compensate for cost of purchase of fuel even as it confronts with increase in Railway freight and higher excise duty.

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 1081 persons as on 31st March, 2012.

On behalf of the Board

Patna
Dated 25.05.2012

Satyadeva Prakash Sinha
Executive Chairman

25th May, 2012

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

Dear Sirs,

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

We hereby certify that we have reviewed the Balance Sheet, Profit & Loss Statement, Notes annexed to the Balance Sheet and Profit & Loss Statement and Cash Flow Statement of the Company for the year ended 31st March, 2012 and to the best of our knowledge and belief, we declare that

- 1.1 The Statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- 1.2 These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 1.3 There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct. The Directors as well as Senior 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 31.03.2012 also.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2012.

For KALYANPUR CEMENTS LIMITED.

(SHAIENDRA P. SINHA)
MANAGING DIRECTOR

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

Date : 25th May, 2012

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, 2012 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

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

REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of KALYANPUR CEMENTS LIMITED as at 31 March, 2012 and also the annexed Profit and Loss Statement and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.
3.
 - i) As stated in para 1.1 and 1.2 of Note 19 to 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.
 - ii) 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.
 - iii) **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. 6097.51 Lacs for the year amount to Rs. 24546.35 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs.19709.81 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.**
4. Subject to Para 3(i) to 3(iii) above and further to our comments in the Annexure referred to in Paragraph 2 above, we report that
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- iii) The Balance Sheet, Profit & Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, and subject to our comments in Para 3(i) to 3(iii) the Balance Sheet, Profit & Loss Statement and the Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in Sub-section (3C) of Section 211 of Companies Act, 1956.
- v) On the basis of written representations received from the directors, as on 31st March, 12 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March '12 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st, March, 2012.
 - b. In the case of the Profit and Loss Statement, of the loss for the year ended on that date and
 - c. In the case of cash flow statement, of the cash flows for the year ended on that date.

24, Netaji Subhas Road
Kolkata-700 001
Camp – Patna
25th May, 2012

M. MUKERJEE & CO.
Chartered Accountants

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

ANNEXURE TO AUDITOR'S REPORT

- (i) According to the information and as explained to us :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and material discrepancies, if any, have been properly dealt with in the books of account.
 - c) No substantial part of the fixed assets has been disposed off during the year.
- (ii) According to the information and as explained to us :
 - a) Physical verification of inventory has been conducted at reasonable intervals by the management.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company did not grant any loan to Companies, firms or other parties covered under Section 301 of the Act for which register has been maintained.
- (iv) According to the information and as explained to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Company reviews and monitors the internal control procedures and weaknesses of major importance which are addressed promptly.
- (v) According to the information and as explained to us :
 - a) The particulars of contracts or arrangements referred in Section 301 of the Act have been so entered in the Register required to be maintained under that section.
 - b) Transactions made in pursuance of such contracts or arrangements including those which are above Rs. 5 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 have been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Value added tax, Service Tax, Excise Duty, Cess and other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2012 in respect of dues over six months are as below :-

a) Royalty on Limestone — Rs. 633.69 Lacs

As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 633.69 Lacs .

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.

c) Provident Fund, EPS, — Rs.436.44 Lacs

d) Tax deducted at Source (TDS) – Rs. 104.13

All the dues 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 taken place in payment of dues to Financial Institutions, Banks, Debenture holders and the Central Govt. as referred to in Note 3 & 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
25th May, 2012

M. MUKERJEE & CO.
Chartered Accountants

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

BALANCE SHEET AS AT 31st MARCH, 2012

(₹ Lacs)

Partuculars	Note No.	Figures as at the end of current reporting period ended 31st March, 2012	Figure as at the end of previous reporting period ended 31st March, 2011
I. Equity and Liabilities			
1.0 Shareholders' funds			
(a) Share Capital	1	2,787.14	2,787.14
(b) Reserves & Surplus	2	(22,496.95)	(16,399.44)
(c) Money received against share warrants		—	—
Total Shareholder's Fund		(19,709.81)	(13,612.30)
2.0 Share application money pending allotment		—	—
3.0 Non-current Liabilities	3		
(a) Long-term borrowings		9,970.38	11,147.78
(b) Deferred Tax Liabilities (Net)		0.00	0.00
(c) Other Long term Liabilities		2,390.41	2,069.48
(b) Long-term provisions		1,566.18	1,489.99
Total Non-Current Liabilities		13,926.97	14,707.25
4.0 Current Liabilities	4		
(a) Short-term borrowings		375.20	450.77
(b) Trade Payables		4,727.97	3,578.29
(c) Other Current Liabilities		13,117.36	9,598.70
(d) Short-term provisions		112.64	127.47
Total Current Liabilities		18,333.17	13,755.23
5.0 Total Equity & Liabilities		12,550.33	14,850.18
II. Assets			
1.0 Non-Current Assets			
(a) Fixed Assets	5		
(i) Tangible Assets		7,881.17	8,862.72
(ii) Intangible Assets		1.91	2.46
(iii) Capital Work in-progress		11.74	190.83
(iv) Intangible Assets under development		—	—
Total Fixed Assets		7,894.82	9,056.01
(b) Non-Current Investments		—	—
(c) Deferred Tax Assets (Net)		—	—
(d) Long Term Loans & Advances	6	660.89	602.32
(e) Other Non-current Assets		—	—
Total Non-current Assets		8,555.71	9,658.33
2.0. Current Assets	7		
(a) Current Investments		—	—
(b) Inventories		2,790.43	3,240.95
(c) Trade Receivables		292.15	407.28
(d) Cash & Cash Equivalants		391.37	654.11
(e) Short-term Loans & Advances	8	422.73	757.57
(f) Other Current Assets	9	97.94	131.94
Total current Assets		3,994.62	5,191.85
Total Assets		12,550.33	14,850.18
Accounting Policies	18		
Notes to Balance Sheet	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 : 25 May, 2012

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, 2012

(₹ Lacs)

Partuculars	Note No.	Figures for the current reporting period ended 31st March, 2012	Figures for the previous reporting period ended 31st March, 2011
I Revenue			
1. Revenue from Operations	10		
Sales Revenue		22,062.02	26,928.26
Less : Excise Duty		3,020.06	3,270.48
Revenue from Operations (Net)		19,041.96	23,657.78
II Other Income	11	2,422.74	99.13
III Total Revenue		21,464.70	23,756.91
IV Expenses			
1. Cost of Materials Consumed	12	3,532.25	3,466.12
2. Other Manufacturing Expenses	13	13,147.29	12,843.84
3. Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	14	383.52	(510.06)
4. Employee Benefits Expenses	15	3,081.95	3,065.37
5. Finance Costs	16	1,123.91	299.79
6. Depreciation and Amortisation		1,467.11	1,380.64
7. Freight & Selling Expenses		2,879.20	4,310.13
8. Other Expenses	17	558.47	635.57
9. Total Expenses		26,173.70	25,491.40
V Profit before exceptional and extraordinary items and Tax (III-IV)		(4,709.00)	(1,734.49)
VI Exceptional items			
VII Profit before extraordinary items and Tax (V-VI)		(4,709.00)	(1,734.49)
VIII Extraordinary Items		(1,388.46)	8,754.71
IX Profit before Tax (VII-VIII)		(6,097.46)	7,020.22
X Tax Expenses			
1. Current Tax FBT		0.05	—
2. Deferred Tax			
XI Profit/(Loss) for the period from continuing operations (IX-X)		(6,097.51)	7,020.22
XII Earnings per equity share			
1. Basic		(28.70)	33.04
2. Diluted			
1. Notes to Profit & Loss Statement	20		

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 25 May, 2012

M. MUKERJEE & CO.
Spandan Sengupta
Partner
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 135833
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P. K. Chaubey
PRESIDENT (FINANCE) &
COMPANY SECRETARY

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

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

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
1.1 SHARE CAPITAL		
Authorised Capital		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
2,00,82,351 Unclassified Preference Share of Rs. 10/- each	2,008.24	2,008.24
Equity Shares		
7,00,00,000 Equity Shares of Rs. 10/- each	7,000.00	7,000.00
Total	9,670.00	9,670.00
ISSUED & SUBSCRIBED CAPITAL		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
Equity Shares		
21,267,965 Equity Shares of Rs. 10/- each	2,126.80	2,126.80
Total	2,788.56	2,788.56
PAID-UP CAPITAL		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs. 15/- each	661.76	661.76
Equity Shares		
21,249,054 Equity Shares of Rs. 10/- each	2,124.91	2,124.91
Add : 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:

Particulars		As on 31.03.2012		As on 31.03.2011	
Sl.No.	Name of Shareholder	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 & Holdings (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.

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Note - 2

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
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	(18,448.84)	(25,469.06)
Add : Net Profit/(Loss) transferred from Profit/(Loss) Statement	(6,097.51)	7,020.22
Surplus i.e. Balance in Profit & Loss Statement	(24,546.35)	(18,448.84)
Total	(22,496.95)	(16,399.44)

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**NOTE - 3**

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
3.1 Non-Current Liabilities		
(a) Long Term Borrowings		
1 Bonds / Debentures (Secured)		
Non-Convertible Debentures		
1 Allahabad Bank	0.00	58.40
2 IIBI	0.00	36.00
3 Vivid Colors Pvt. Ltd.	8,403.85	8,803.85
2 Other Term Loans (Secured)		
IFCI Ltd. (as Nodal Agency for Excise Loan from Govt. of India)	366.37	549.37
3 Deferred Payment Liabilities (Unsecured)		
Deferred Sales Tax	1,200.16	1,700.16
Total	9,970.38	11,147.78
(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)	2,290.41	1,969.48
Total	2,390.41	2,069.48
(d) Long Term Provisions		
1 Accrued Leave Liabilities	266.33	233.96
2 Accrued Gratuity Liabilities	1,299.85	1,256.03
Total	1,566.18	1,489.99
Total	13,926.97	14,707.25

- 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 Non-Convertible Debentures held by Allahabad Bank and IIBI Ltd. have been additionally guaranteed to the full extent by Sri Satyadeva Prakash Sinha and Sri Shailendra Prakash Sinha, the promoters of the Company.
- 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, 2012	As at 31st March, 2011
4.1 Current Liabilities		
(i) Short Term Borrowings		
(a) Loan Repayable on Demand		
Loans from Banks	30.20	400.77
(b) Other Loans & Advances	345.00	50.00
Total	375.20	450.77
(ii) Trade Payables		
(a) Sundry Creditors for Supply & Services	4,718.65	3,561.19
(b) Sundry Creditors —Micro and Small Enterprises	9.32	17.10
Total	4,727.97	3,578.29
(iii) Other Current Liabilities		
(a) Current Maturities of Long Term Debts		
Loan from Asset Reconstruction Company (India) Ltd.	2,125.00	2,175.00
Excise Loan from Govt. of India	336.00	183.00
Non-Convertible Debentures	494.40	594.91
(b) Interest Accrued and due on Borrowings	385.45	-
(c) Interest Accrued and due on Statutory Liabilities	365.52	-
(d) Unpaid Matured Debentures	86.81	-
(e) Other Payables	9,324.18	6,645.80
Total	13,117.36	9,598.70
(iv) Short Term Provisions		
(a) Provision for Employee Benefits		
Accrued Leave Liabilities	24.80	25.19
Accrued Gratuity Liabilities	84.02	87.10
Bonus	3.82	15.18
(b) Others		
Total	112.64	127.47
Total	18,333.17	13,755.23

4.2 Loans from Banks (Sl.No.(i) (a) include the loans of Rs. 22.43 Lacs (Prev.Yr. Rs. 237.39 Lacs) against Fixed Deposits and overdraft of Rs.7.77 Lacs (Prev. Yr. Rs.163.38 Lacs).

(₹ Lacs)

4.3 Status of Security	As on 31st March, 2012	As on 31st March, 2011
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.	2,125.00	2,175.00
<i>Excise Loan from Govt. of India</i>	336.00	183.00
Non-Convertible Debentures		
Allahabad Bank	58.40	120.39
Industrial Investment Bank of India (IIBI)	36.00	74.52
Vivid Colors	400.00	400.00
Interest Accrued and due on Borrowings	329.34	-
Unpaid Matured Debentures & Interest accrued thereon		
Non-Convertible Debentures		
Allahabad Bank	29.50	0
Industrial Investment Bank of India (IIBI)	18.31	0
Vivid Colors	39.00	-
Total	3,371.55	2,952.91

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 Details of continuing defaults

Sl. No.	Name of Lenders	Default as on 31st Mar'12	Period of Default	Default as on 31st Mar'11	Period of Default
1	Allahabad Bank	29.50	Payable on 31st Mar'12	0.00	Nil
2	Industrial Investment Bank of India (IIBI)	18.31	-Do-	0.00	-Do-
3	Vivid Colors	39.00	-Do-	0.00	-Do-
4	Excise Loan from the Govt. of India.	153.00	-Do-	0.00	-Do-
5	Total	239.81	-Do-	0.00	-Do-

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 5

(₹ Laos)

FIXED ASSETS

Sl. No.	Description of Assets	Gross Block				Depreciation				Net Block	
		Cost upto 31 March 2011	Additions during year 2011-12	Sold or Discarded during year 2011-12	Cost upto 31 March 2012	Depreciation upto 31 March 2011	Adjustment of depreciation on Sold / Discarded Assets 2011-12	Provision for depreciation 2011-12	Total depreciation upto 31 March 2012 (5-6+7)	As on 31 March 2012	As on 31 March 2011
		(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	956.73	0.00	72.16	1,028.89	576.32	648.48
3.	Plant & Machinery	23,823.22	414.24	0.00	24,237.46	17,053.15	0.00	1,216.48	18,269.63	5,967.83	6,770.07
4.	New Building Factory	1,729.70	0.00	0.00	1,729.70	917.48	0.00	55.46	972.94	756.76	812.22
5.	New Building Non-Factory	446.68	0.00	0.00	446.68	119.32	0.00	7.13	126.45	320.23	327.36
6.	Railway Siding	665.80	4.04	0.00	669.84	512.49	0.00	35.04	547.53	122.31	153.31
7.	Furniture & Fittings	44.82	0.40	0.00	45.22	27.69	0.00	1.33	29.02	16.20	17.13
8.	Motor Cars	65.19	0.00	0.00	65.19	21.22	0.00	5.55	26.77	38.42	43.97
9.	Roads & Bridges	10.36	0.00	0.00	10.36	9.83	0.00	0.00	9.83	0.53	0.53
10.	Office Equipments	263.43	6.69	0.00	270.12	205.70	0.00	10.61	216.31	53.81	57.73
11.	Electrical Equipments	127.99	3.37	0.00	131.36	100.14	0.00	6.53	106.67	24.69	27.85
Total Tangible Assets		28,786.47	428.74	0.00	29,215.21	19,923.75	0.00	1,410.29	21,334.04	7,881.17	8,862.72
Intangible Assets : Software		5.88	0.00	0.00	5.88	3.42	0.00	0.55	3.97	1.91	2.46
Total Tangible & Intangible Assets		28,792.35	428.74	0.00	29,221.09	19,927.17	0.00	1,410.84	21,338.01	7,883.08	8,865.18
Figures for Previous Year		27,598.37	1,193.98	0.00	28,792.35	18,575.92	0.00	1,351.25	19,927.17	8,865.18	

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**NOTE - 6**

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
6.1 Non-Current Assets		
Long Term Loans & Advances		
(a) Capital Advance	3.87	4.30
(b) Security Deposits	306.80	304.92
(c) Other Loans & Advances	350.22	293.10
Total	660.89	602.32

	As at 31st March, 2012	As at 31st March, 2011
6.2 Nature of Securities		
Secured, considered good	-	-
Unsecured, considered good	660.89	602.32

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 7

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
7.1 Current Assets		
(i) Current Investments	0	0
(ii) Inventories		
(a) Raw Materials	781.66	1,016.96
(b) Work-in-Progress	400.91	310.31
(c) Finished Goods	173.09	431.47
(d) Stores & Spares	1,434.77	1,482.21
Total	2,790.43	3,240.95
(iii) Trade Receivable		
(a) Trade Receivable due for a period exceeding 6 months	67.67	147.66
(b) Trade Receivable due for a period upto 6 months	224.48	259.62
Total	292.15	407.28
(iv) Cash & Cash Equivalents		
(a) Balance with Banks	186.16	157.68
(b) Cheques, Drafts on hand	14.84	60.24
(c) Cash on hand	24.06	30.03
(d) Other Bank Balances (FDs)	166.31	406.16
Total	391.37	654.11
Total Current Assets	3,473.95	4,302.34

7.2 Method of valuation of inventory

Inventory has been valued as under :

- Raw Materials & Work-in-Progress - At weighted average cost or net realisable value, whichever is lower.
- Finished Goods - At lower of the cost or realisable market value.
- Stores & Spares - At average cost.

7.3 Classification of Trade Receivables based on the nature of security

- | | | |
|-------------------------------|--------|--------|
| a) Secured, considered good | 4.59 | 8.92 |
| b) Unsecured, considered good | 287.56 | 398.36 |
| c) Doubtful | - | - |

7.4 Debts due by Directors or other officers of the Company or by specified class of firms or private companies.

-

7.5 Cash & Cash Equivalents

- | | | |
|---|--------|--------|
| a) Earmarked Balances with Banks | Nil | Nil |
| b) The balance at Sl. No.(iv)(d) includes the followings : | | |
| (i) The Fixed Deposits kept as margin for issue of Bank Guarantee | 141.22 | 136.62 |
| (ii) Fixed deposit with more than 12 month maturity | 0.10 | 0.10 |
| (iii) Bank deposit held as security for borrowings | 25.00 | 25.00 |
| c) Repatriation restrictions | N.A. | N.A. |

7.6 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 27.17 lacs and Rs. 63.70 lacs have been included in the respective value of stocks in Silo, at depots and in transit and recognized separately under 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 BALANCE SHEET**NOTE - 8**

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
8.1 Short Term Loans & Advances		
(a) Loans & Advances to related parties	-	-
(b) Loans & Advances to Others	307.33	664.32
(c) Excise Duty Advance	100.44	80.79
(d) Income Tax deducted at source	14.96	12.46
Total	422.73	757.57

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

a) Secured, considered good		
b) Unsecured, considered good	422.73	757.57
c) Doubtful	-	-

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

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

(₹ Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Other Current Assets		
(a) Prepaid Railway Freight	38.05	26.74
(b) Other Receivables	59.89	48.93
(c) Others	-	56.27
Total	97.94	131.94

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 10**

(₹ Lacs)

Particulars	For The Year Ended 31-Mar-12	For The Year Ended 31-Mar-11
Revenue from Operations		
Sale of Products	21,978.50	26,889.67
Other Operating Revenue	83.52	38.59
Total	22,062.02	26,928.26
Less :		
Excise Duty	3,020.06	3,270.48
Total	19,041.96	23,657.78

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 11**

(₹ Lacs)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
Other Income		
1 Value Added Tax Reimbursement	2,344.00	0.00
2 Interest Income		
On Fixed Deposit - Banks	16.43	24.42
(including TDS Rs. 1.53 Lac Current Year. Prev. Year Rs.2.74 lac)		
3 Dividend Income	0	0
4 Other non-operating income	62.31	74.71
Total	2,422.74	99.13

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 12**

(₹ Lacs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cost of Materials Consumed		
Gypsum	571.30	618.52
Fly Ash	2,037.36	2,472.74
Iron Ore	464.35	358.74
Clinker	446.48	0.00
Limestone	10.63	6.71
Pozzolana	2.13	9.41
Total	3,532.25	3,466.12

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 13**

(₹ Lacs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Other Manufacturing Expenses		
Power & Fuel	9,205.67	7,482.01
Consumption of Stores & Spare Parts	1,152.87	1,034.22
Consumption of Packing Materials	916.23	1,019.49
Repairs to Buildings	0.00	0.00
Repairs to Machinery	204.94	137.30
Repairs to Others	152.87	197.85
Mining Equipment Handling Charges	1,055.89	2,275.23
Royalty & Cess	331.28	564.50
Freight & Transport Charges	127.54	133.24
Total	13,147.29	12,843.84

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT
NOTE - 14

(₹ Lacs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
14.1 Changes in Inventories		
Closing Stocks		
Limestone	601.26	817.00
Materials - in - process	400.91	310.31
Finished goods	173.09	431.47
Total Closing Stocks	1,175.26	1,558.78
Opening Stocks		
Limestone	817.00	90.85
Materials - in - process	310.31	488.46
Finished goods	431.47	469.41
Total Opening Stocks	1,558.78	1,048.72
Changes in Inventories		
Limestone	215.74	(726.15)
Materials - in - process	(90.60)	178.15
Finished goods	258.38	37.94
Total Variation in Stocks	383.52	(510.06)

14.2 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 27.17 lacs and Rs. 63.70 lacs have been included in the respective value of stocks in Silo, at depots and in transit and recognized separately 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, 2012	For the year ended 31st March, 2011
Employee Benefits Expense		
Salaries & Wages	2,279.75	2,177.98
Bonus and Leave Wages	58.96	101.59
Directors' Salary & Benefits	155.23	140.61
Contribution to Provident & Superannuation Funds (including Rs. 7.34 Lac for Directors' provident fund-Prev. Year Rs.6.55 lac)	304.91	282.99
Staff Welfare Expenses	283.10	362.20
Total	3,081.95	3,065.37

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 16**

(₹ Lacs)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
Finance Costs		
Interest Expense		
1 On Borrowings from Banks & Others	459.87	76.03
2 On BSEB & Statutory Dues	652.04	215.08
3 On Security Deposits	12.00	8.68
Total	1,123.91	299.79

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 17**

(₹ Lacs)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
Other Expenses		
1 Rent	34.24	59.74
2 Insurance	33.10	27.86
3 Rates & Taxes	3.11	2.48
4 Other Overhead Expenses		
Auditors Remuneration & Expenses		
Auditors	3.75	3.75
For Management Services	0.66	0.75
For reimbursement of expenses	2.23	2.17
Legal Expenses	41.60	29.24
Printing, Stationery & Advertisement	15.51	17.38
Postage, Telegram, Telephone & Lighting	28.88	29.25
Travelling & Motor Car Expenses	158.77	148.13
Miscellaneous Expenses	105.11	127.80
Bank Charges & Commission	19.41	30.50
Directors' Fee for Board Meeting	1.85	1.55
Research Fees	4.74	5.67
Commission on Sales	69.13	90.99
Consultation Fees & Expenses	36.38	58.31
Total Other Expenses	558.47	635.57

KALYANPUR CEMENTS LIMITED

**ACCOUNTING POLICIES ON BALANCE SHEET AND PROFIT & LOSS STATEMENT FOR THE
YEAR ENDED 31st MARCH, 2012.**

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 assets 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 realizable 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, 2012.**

NOTE – 19

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

- 1.1 In respect of 33 KV 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 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. 135.10 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'12 amounted to Rs. 3.55 Lacs.

1.5 Guarantees

Counter-guarantees given by the Company : Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs. 136.84 Lacs (Previous Year Rs.132.24 Lacs).

- 2.0 As per the Rehabilitation Scheme sanctioned by BIFR, the deferred sales tax dues amounting to Rs. 1710.16 Lacs have been rescheduled to be paid (beyond 12 months) over the period of the scheme i.e. 2012-13 to 2014-15.
- 3.0 The declaration filed under Urban Land (Ceiling and Regulation) Act, 1976 in respect of the Company's holding in excess of the Ceiling prescribed under the Act and the application to retain these lands were made for consideration of the concerned authority. The Company at present is contesting a case filed by the Appropriate authority.
- 4.0 Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil – Kalyanpur Cements Ltd. Trust.
- 5.0 In view of erosion of its Net Worth, the Company was registered with Board for Industrial & Financial Reconstruction (BIFR) as Sick Company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. BIFR circulated a Draft Rehabilitation Scheme (DRS) to all the concerned parties for consent, suggestions and objections. On the basis of the approval of the Govt. of Bihar and objections and suggestions received from various parties, BIFR sanctioned the scheme in the hearing held on 24.10.2011 and issued the same vide letter dt. 3.2.2012. The Scheme is under implementation.
- 6.0 Related Party disclosures

The disclosure of related party relationship and transactions with the related parties are given as under :

A. Related Party relationships :

Description of Party	Relationship
Mr. Satyadeva Prakash Sinha	Executive Chairman – Key Management Personnel
Mr. Shailendra Prakash Sinha	Managing Director – Key Management Personnel
Mr. Anant Prakash Sinha	Joint Managing Director – Key Management Personnel
Mr. Siddharth Prakash Sinha	Executive Director – Key Management Personnel
Mrs. S. M. Devi	Relative of Key Management Personnel
Mrs. Renuka Sinha	Relative of Key Management Personnel
Mrs. Mukta Sinha	Relative of Key Management Personnel
Mr. Aditya Prakash Sinha	Relative of Key Management Personnel
Mr. Mayank Prakash Sinha	Relative of Key Management Personnel
Mr. Tanuj Prakash Sinha	Relative of Key Management Personnel
Ms. Ratika Sinha	Relative of Key Management Personnel
Mrs. Nishka Sinha	Relative of Key Management Personnel
Maurya Management Pvt. Ltd.	Enterprise under common control
Elate Investments & Holdings Pvt. Ltd.	Significant Interest in the Company (Holding 25.51% in the Company's Share Capital)
Vivid Colors Pvt. Ltd.	Strategic Investor under the Scheme of Compromise approved by the Hon'ble Calcutta High Court, having significant voting power (48%) of the Company.

B. Summary of Transactions :

Name of transacting Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction		Amount Outstanding as on	
			Current Year	Previous Year	31.03.12	31.03.11
Mr. Satyadeva Prakash Sinha	Key Management Personnel	Remuneration	55.34	50.46	4.40	4.00
Mr. Shailendra Prakash Sinha	Key Management Personnel	Remuneration	55.91	49.79	4.56	4.12
Mr. Anant Prakash Sinha	Key Management Personnel	Remuneration	51.32	46.92	4.21	3.70
Mr. Siddharth Prakash Sinha	Key Management Personnel	Remuneration	39.00	37.02	3.35	3.15
Maurya Management Pvt.Ltd.	Enterprise under common control	Intercompany Loan	0	0	100.00	100.00
Elate Investments & Holdings Pvt.Ltd.	Significant Interest in the Company (Holding 25.51% in the Company's Share Capital)	0	0	0	0	0
Vivid Colors Pvt. Ltd.	Strategic Investor	Interest on Priority Debts	58.50	58.50	650.00	650.00
Vivid Colors Pvt. Ltd.	Strategic Investor	Non-Convertible Debentures	361.00	1223.00	8842.86	9203.85

7.0 In view of carry forward losses, in drawing up the Accounts, the Company has not considered the impact of deferred tax liability arising out of timing difference. For the same reason Deferred Tax Assets have been ignored.

8.0 The Company has claimed from BSEB Rs. 2574.25 Lacs (Previous year Rs. 2574.25 Lacs) on account of reduction in maximum demand charges, damages to machinery, etc. and loss of profit due to restricted and erratic power supply for the past periods.

9.0 Loans and Advances appearing in Notes 6 & 8 comprise the following: Rs. In Lacs

Particulars	2011-12		2010-11	
	Long Term	Short Term	Long Term	Short Term
1. Security Deposits with BSEB, Railway & Govt. Agencies	306.80		304.92	
2. Capital Advance	3.87		4.30	
3. Advances to BSEB & RPFC, Patna	350.22		293.10	
4. Advance for Supply & Services		292.82		637.58
5. Advance to Employee & Others		14.51		26.74
7. Excise Duty Advance		100.44		80.79
8. Advance Tax (Refunds adjustment)		14.96		12.46
9. Total	660.89	422.73	602.32	757.57

10.0 The Actuarial Valuation of Gratuity and Leave Wages has been made as on 31.03.2012. The requisite disclosure under AS-15 is given as under :

The principal assumptions used in actuarial valuation are as below

- Discount rate		8.50%
- Expected rate of return on assets		0.00%
- Expected rate of salary increase		5.00%
	Gratuity	Leave Encashment
Change in present value of obligations		
- Present value of obligations as at 01.04.2011	1343.12	259.15
- Interest cost	114.17	22.03
- Current service cost	65.71	12.59
- Benefits paid	(99.89)	(26.47)
- Actuarial loss/ (Gain) on obligations	(39.24)	23.83
- Present value of obligations as at 31.03.2012	<u>1383.87</u>	<u>291.13</u>
Change in fair value of plan assets	Not Applicable	Not Applicable
Liability recognized in Balance Sheet		
- Present value of obligations as at 31.03.2011	1383.87	291.13
- Fair value of plan assets as at the end of the year	-	-
- Funded status (Deficit)	1383.87	291.13
- Unrecognised Actuarial (Gain) / Loss	-	-
- Net (Liability) recognized in Balance Sheet	<u>1383.87</u>	<u>291.13</u>
Classified as Long Term Provision	1299.85	266.33
Classified as Short Term Provision	84.02	24.80

11.0 Particulars of the Cost Auditors are as under :

- i) Name & Address : Mitra Bose & Associates,
7, Chittaranjan Avenue, Kolkata-700 072
- ii) Due date of submission of the Cost Audit Report : 30th September, 2011
- iii) Actual date of submission of the Cost Audit Report : 26th September, 2011

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

Notes 1 to 9 and 19 are the Notes annexed to and forming part of the Balance Sheet and Note 18 contains the accounting policies followed in preparation of the Balance Sheet as at 31.3.2012.

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 25 May, 2012

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

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

KALYANPUR CEMENTS LIMITED

NOTES ON PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE – 20

- 1.0 With a view to ensuring proper disclosure, a separate line in respect of Freight & Selling Expenses has been added in the Profit & Loss Statement.
- 2.0 A separate note to the Profit & Loss Statement namely Note 13 comprising various manufacturing expenses has been provided in the Financial Statement for the year under report.
- 3.0 As per the Rehabilitation Scheme sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), the Company is eligible for relief on account of VAT reimbursement to the tune of Rs. 165.04 Crs. Out of this, the relief amount of Rs. 87.55 Crs. was accounted for in the accounts of the Company for the financial year 2010-11 on the basis of the Draft Rehabilitation Scheme circulated by BIFR and in anticipation of the approval of the State Government which was subsequently received. The company will account for the balance relief amount of Rs. 77.49 Crs on the basis of the actual VAT reimbursement amount received from the state Government as reduced by the refund to be made to them on account of the sales tax exemption amount retained by the Company. At the end of the scheme period, the total VAT reimbursement amount would be Rs. 165.04 Crs.

4.0 Capacities, Production, Sales and Stocks :

Installed Capacity, Production, Sales & Stocks : Class of Goods – Cement	2011 – 12		2010 – 11	
	Lac Tons	Rs. Lacs	Lac Tons	Rs. Lacs
i) Installed Capacity	10.00		10.00	
ii) Production	6.28		7.61	
iii) Sales :				
a) Cement	6.35	21978.50	7.62	26889.67
b) Clinker	.00	0.00	.00	0.00
iv) Stocks :				
Opening	0.12	431.47	0.14	469.41
Closing	0.05	173.09	0.12	431.47

5.0 Raw materials consumed – Totally Indigenous :

Particulars	2011 – 12		2010 – 11	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
i) Limestone	5.78	1823.61*	6.86	3383.03*
ii) Gypsum	.17	571.30	.20	618.52
iii) Mill Scale/Iron Ore	.27	464.36	.24	358.74
iv) Fly Ash	1.79	2037.36	2.46	2472.74
v) Pozzolana	.05	2.13	.04	9.41
vi) Limestone Purchase	.01	10.63	.01	6.71
vii) Clinker Purchase	.13	446.48	tr.	0.00

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

6.0 (a) Value of imports calculated on CIF basis by the company : Rs. in Lacs

Components & Spare Parts	13.42	200.86
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(b) Expenditure in Foreign Currency on account of Royalty & know-how, Professional and Consultation fees, Foreign Travel, Interest & other matters. 3.44 11.02

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

i) Indigenous (Rs. in Lacs) % of Total Consumption	4586.51 98%	4415.38 98%
ii) Imported (Rs. in Lacs) % of Total Consumption	98.61 2%	84.96 2%
iii) Total (Rs. in Lacs) % of Total Consumption	4685.12 100%	4500.34 100%

Amount remitted during the period in Foreign Currencies on account of Dividends 0.00 0.00

(d) Earnings in Foreign Exchange Classified as under : Rs. in Lacs

Particulars	2011-12	2010-11
i) Export of goods valued on FOB basis	0.00	0.00
ii) Royalty, know, Professional & Consultation fees	0.00	0.00
iii) Interest & Dividend	0.00	0.00
iv) Other Income	0.00	0.00

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

8.0 Remuneration of Directors

Particulars	2011-12 Rs. in Lacs	2010-11 Rs. in Lacs
i) Salary	94.68	84.60
ii) Other Allowances and benefits	60.55	56.01
iii) Company's Contribution to PF	7.34	6.55
Sub-Total (As per Note-15)	162.57	147.16
iv) Director's fees (As per Note-17)	1.85	1.55
v) Total	164.42	148.71

9.0 The Micro, Small and Medium Enterprises Development Act, 2006 stipulates payment of interest to the "Supplier" defined in the said Act by the buyers. In terms of the said Act, the "Supplier" means a Micro or Small Enterprise which files a Memorandum with any of the five authorities provided therein. The Company has sent communications to such parties to ascertain their status regarding filing of Memorandum. No response has, however, been received from the parties following which the Company is not in a position to ascertain its statutory liability under the said Act. However, as a measure of abundant precaution, the Company has made required provision for interest on dues over 45 days as required under the said Act.

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

Notes 10 to 17 and Note 20 are the Notes annexed to and forming part of the Profit & Loss Statement and Note 18 contains the accounting policies followed in preparation of the Profit & Loss Statement for the year ended 31.03.2012.

24, Netaji Subhas Road
Kolkata-700 001
Camp : Patna
Date : 25 May, 2012

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

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

Satyadeva P. Sinha
EXECUTIVE CHAIRMAN

Shailendra P. Sinha
MANAGING DIRECTOR

B.C. Srivastava
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ Lacs)

Particulars	2011-12 Apr'11-Mar'12 Audited	2010-11 Apr'10-Mar'11 Audited
<u>Cashflow from Operating Activities</u>		
Net Profit/(Loss) before Taxation	(4,709.05)	(1,734.49)
Adjustment for:		
Interest & Other Financial Charges Provided	1,123.91	299.79
Depreciation and Amortisation	1,467.11	1,380.64
Extraordinary Items	(1,388.46)	8,754.71
Operating Profit/(Loss) before Working Capital Changes	(3,506.49)	8,700.65
(In)/Decrease in Receivables	115.13	(22.88)
(In)/Decrease in Inventories	450.52	520.73
(In)/Decrease in Loans & Advances	312.59	989.80
In/(De)crease in Current Liabilities	3,608.15	3,339.92
Cash generated from Operating Activities	4,486.39	4,827.57
<u>Cashflow from Investing Activities</u>		
(In)/Decrease in Fixed Assets incl. Capital WIP	(249.65)	(1,315.37)
Cashflow from Investing Activities	(249.65)	(1,315.37)
<u>Cashflow from Financing Activities</u>		
In/(De)crease in Share Capital	0.00	(0.00)
(In)/Decrease in Non-Current Assets	(58.57)	(9.35)
In/(De)crease in Non-Current Liabilities	777.59	(9,538.44)
(In)/Decrease in Investments	0.00	0.00
Repayment of Debts	(588.10)	(2,803.90)
Interest & Other Financial Charges Paid	(1,123.91)	(299.79)
Net Cashflow from Financing Activities	(992.99)	(12,651.48)
Net In/(De)crease in Cash or Cash equivalent	(262.74)	(438.64)
Cash & Bank Balance		
At the beginning of the period	654.11	1,092.75
At the end of the period	391.37	654.11

Notes:

- 1 The above Cashflow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3
- 2 Cash includes Bank Balance, Cheques & Drafts in hand and Fixed Deposits.
- 3 Consequent upon revision of Schedule VI to the Companies Act, 1956 effective from 1-04-2012, the Balance Sheet and Profit & Loss Statement have been prepared as per the requirements of Revised Schedule VI. The Cashflows from Financing activities are based on the changes in the Non-Current Assets and Non-Current Liabilities (earlier Term Loans and Unsecured Loans considered in the Cashflow Statement for the purpose).

Satyadeva P.Sinha
EXECUTIVE CHAIRMAN

Shailendra P.Sinha
MANAGING DIRECTOR

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

B.C.Srivastava
DIRECTOR

Auditor's Certificate

We have examined the above cash flow statement with the Balance Sheet and Profit & Loss Statement for the years ending on 31st March 2012 and 31st March 2011 and report that the same has been prepared by the company in accordance with the requirements of Accounting Standard 3 read with the Listing Agreement with stock Exchanges and is based on and in agreement with the corresponding Balance Sheet and Profit and Loss Statement of the company covered by our report of 25th May, 2012.

M.MUKERJEE & CO.

24, Netaji Subhas Road
Kolkata - 700 001
Camp: Patna
Date: 25 May 2012

Spandan Sengupta
PARTNER
CHARTERED ACCOUNTANTS
MEMBERSHIP NO.135833
Firm Registration No. 303013E