

# ANNUAL REPORT

## 2013 - 2014

**// KALYANPUR //**

Cements Limited

**Board of Directors**

Sri Satyadeva P. Sinha, Executive Chairman  
(Upto 11.04.2014)  
Sri Shailendra P. Sinha, Managing Director  
Sri Anant P.Sinha, Joint Managing Director  
Sri Ashok Kumar Mallick (Upto 12.02.2014)  
Sri D.N.Bhandari (Upto 22.05.2014)  
Sri B.C.Srivastava  
Dr.K.C.Varshney  
Sri Mahendra Lodha  
Sri Ravindra Prasad (w.e.f. 13.02.2014)

**Audit Committee**

Sri D.N.Bhandari, Chairman(Upto 22.05.2014)  
Dr.K.C.Varshney  
Sri Mahendra Lodha  
Sri B.C.Srivastava

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

Sri D.N.Bhandari, Chairman(Upto 22.05.2014)  
Sri Satyadeva P. Sinha(Upto 11.04.2014)  
Sri Shailendra P.Sinha

**1. Auditors**

M/s M. Mukerjee & Co.

**2. Internal Auditors**

M/s B. Gupta & Co.

**3. Cost Auditors**

M/s Mitra, Bose & Associates

**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

**Registered Office**

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

**Factory**

Banjari, Distt. Rohtas - 821 303  
Bihar

**Corporate Office**

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

**DIRECTORS' REPORT****FOR THE YEAR ENDED 31st MARCH, 2014*****The Shareholders,***

With heavy heart, we inform you that our beloved Chairman Shri Satyadeva Prakash Sinha left for his heavenly abode on 11.4.2014. He was 72. This has created a void which is difficult to get filled. Our homage to the departed soul.

Your Directors submit herewith their Report together with the audited accounts for the year ended 31st March '2014

**1.0 FINANCIAL RESULTS****(Rupees in Lacs)**

	<b>Year ended 31.03.2014</b>	<b>Year ended 31.03.2013</b>
Total Turnover including other income	25665.92	27511.19
1. Profit before depreciation, interest, tax and other appropriations	(542.02)	(957.15)
2. Less :		
(i) Finance Costs	1808.92	1582.59
(ii) Depreciation	768.34	993.43
3. Net Loss	(3119.28)	(3533.17)
4. Loss carried to Balance Sheet	(3119.28)	(3533.17)

**2.0 PRODUCTION**

It was once again a bad year for the economy, the fourth in succession, pushing the Cement Industry deeper into distress. In the face of high input cost, stagnant cement prices and oversupplied market, the Company experienced severe financial constraints. While this on one hand impeded smooth input supplies, on the other affected plant maintenance resulting in lower plant availability as well as efficiencies. While Capacity utilization in Clinker fell to 80% from 92% achieved last year, capacity utilization in cement was lower at 64% from 74% last year.

**3.0 FINANCIAL PERFORMANCE**

Economy appeared on threshold of a major crisis. A persistently high inflation, high interest rates, falling consumer spending, piling up of inventories and a general decline in corporate sales and profitability were all symptoms of an economy in distress. As per the advance estimates released by the Central Statistics Organisation, GDP growth for 2013-14 was expected to be below 5% for the second year in succession, at 4.9%. Manufacturing sector, which had grown at a CAGR of over 10% between 2005 till 2011 put up its worst performance in 20 years in 2013-14, contracting by 0.20% following an equally dismal growth of 1.1% in 2012-13. Construction sector grew by 1.1% against 1.7% last year and Services sector by 11.2%. But for a healthy growth of 4.6% in Agricultural sector against 1.6% last year, GDP growth would have been still more dismal.

**4.0 FINANCES**

The position of the cement Industry has gradually worsened over the last 3 years to the extent that now the existence of atleast the smaller units, constantly squeezed by high cost, uneconomic scale of operation and

unremunerative prices, is under threat. On the one hand, while the increase in Diesel and coal rates, as a part of Govt. strategy to cut back subsidies, unleashed an inflationary spiral, substantially pushing up cost of power, fuel and transportation, on the other, unabated capacity additions without significant consumption growth, resulted in continued supply overhang and erosion of pricing power. In view of the extraordinary situation resulting in severe working capital constraints, it was very difficult to maintain viable operations resulting in substantial losses. The liabilities exposure of the Company, including those of statutory nature, went up substantially. All these factors cumulatively resulted in lower production at 6.39 lac tons during 2013-14, a significant 13% fall compared to the immediately preceding financial year. This resulted in negative EBIDTA Margin and net loss as reported above.

## **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 BSE Ltd. There are no arrears of Annual Listing Fees pending with the Company.

## **7.0 AUDITORS' REPORT**

The adverse remarks / qualifications contained in the Auditors' Report have been appropriately explained in a statement "Auditor's Remarks and Management's Replies" placed at ANNEXURE- 1 hereto.

## **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 31.03.14.
- ii. selected the accounting policies and applied them consistently and made judgements and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. prepared the Accounts on a going concern basis.

## **9.0 CORPORATE GOVERNANCE**

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

## **10.0 DIRECTORS**

Under Articles 108 & 109 of the Articles of Association of the Company, Mr. Mahendra Lodha retires by rotation in this Annual General Meeting and being eligible offers himself for reappointment.

## **11.0 AUDITORS**

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

**12.0 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

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

**13.0 PARTICULARS REGARDING EMPLOYEES**

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

**14.0 MANAGEMENT DISCUSSION AND ANALYSIS**

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

**15.0 APPRECIATION**

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

The Directors also wish to place on record their thanks and appreciation for the help and support given by State Govt. and Central Govt. in carrying out its operations.

**On behalf of the Board**

**(Shailendra Prakash Sinha)**  
**Managing Director**

**(Dr. K.C. Varshney)**  
**Director**

**(B.C. Srivastava)**  
**Director**

Patna

Dated: 23rd May, 2014

**AUDITORS' REMARKS AND MANAGEMENT'S REPLIES**

Sl. No.	Remarks	Explanation
<b>A. Report on Other Legal and Regulatory Requirements</b>		
2	As stated in Para 1.1 & 1.2 of Note 19 of the Balance Sheet, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as financial implication, if not resolved as anticipated, have been explained by the Management in the said note.	The amounts in dispute have been disclosed in para 1.1 and 1.2 of Note 19 to the Balance Sheet. The appropriate details in the matter have also been provided in Note - 19.
3	In terms of Para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil - Kalyanpur Cements Ltd. Trust.	This is a statement of fact and the company enjoys peaceful possession of all its immovable properties
4	Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs.3119.28 Lacs for the year amount to Rs. 31198.80 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs.26362.26 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 Revival Scheme has since been approved by BIFR and 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. Although the actual performance was lower than that envisaged in the Scheme due to over capacity in cement industry with resultant pressure on prices, continuing high cost of inputs particularly coal and power and limestone problem presently being faced by the company, it is expected that on full implementation of the scheme, as well as its extension for some more time as stipulated in the Scheme, the company's financial position will substantially improve and the company therefore expects to continue as a going concern.
<b>B. Annexure to Auditor's Report</b>		
ix	According to information and as explained to us, there has been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Excise Duty, cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31st March, 2014 in respect of dues over six months are as below :-	Due to adverse macro economic conditions causing low demand for cement, consequent poor sales realization and steep escalation in cost of inputs mainly power and fuel, the company's financial position declined sharply in the financial year 2011-12 as well as the subsequent two financial years including the one under report resulting in liquidity constraint. As a result, various statutory dues could not be paid in time.

ix	<p>a) Royalty on Limestone - Rs. 1342.20 Lacs As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 1342.20 Lacs.</p> <p>b) Cement Regulation Account - Rs. 208.23 Lacs. The above dues of Cement Regulation Account have been settled in the Scheme sanctioned by BIFR and are payable as per the sanctioned scheme. It has been explained that Company has challenged the said dues in the Hon'ble Delhi High Court and the case is yet to be decided.</p> <p>c) Provident Fund, EPS, - Rs.1076.51 Lacs</p> <p>d) Tax deducted at Source (TDS) - Rs. 233.92 All the dues except at (b) above are undisputed.</p>	
x	<p>According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made Cash Loss in the current as well as in the immediately preceding financial year.</p>	<p>This is a statement of fact and as a result of the erosion of the company's total net worth, it is already registered with BIFR as explained in reply to Auditors comment at para 4 of their "Report on other legal &amp; Regulatory Requirements."</p>
xi	<p>Some defaults have been taken place in payment of dues to Financial Institutions, Banks and Debentureholders as referred to in Note 4 to the Balance Sheet.</p>	<p>Some default in payment to the secured lenders has taken place due to liquidity constraint during the financial year under report. The default would be addressed with improvement in operations and financial position.</p>

(Shailendra Prakash Sinha)  
Managing Director

(Dr. K.C. Varshney)  
Director

(B.C. Srivastava)  
Director

Patna  
23rd May, 2014

**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	-	Unfortunate demise on 11.04.2014
02	Shri Shailendra Prakash Sinha	Executive	Promoter	-	-
03	Shri Anant Prakash Sinha	Executive	Promoter	-	-
04	Shri D.N. Bhandari (upto 22.05.2014)	Non Executive	Independent	176	Please ref. Clause 7(v)(e)
05	Shri B.C. Srivastava	Non Executive	Independent	-	
06	Dr. K.C.Varshney	Non Executive	Independent	-	
07	Shri Mahendra Lodha	Non Executive	Non- Independent	-	Nominee of Investors
08	Shri Ashok Kumar Mallick (upto 12.2.2014)	Non Executive	Non Independent	-	Nominee of the Govt. of Bihar
09	Shri Ravindra Prasad (w.e.f. 13.02.2014)	Non Executive	Non Independent	-	Nominee of the Govt. of Bihar

After the sad demise of Shri Satyadeva Prakash Sinha, the Wholetime Director designated as Executive Chairman, the company presently has two Directors on its Board from Promoter category. Two directors on the Board are non-Executive independent Directors. There are two non-executive and non-independent directors on the Board. While one of them is a representative of investors, the other one is a nominee of the Govt. of Bihar. Pursuant to the provisions of Section 149 (6) of the Companies Act, 2013, a nominee director is not to be considered as independent director.



2. b) The attendance record of the Directors at the Board Meetings during the financial year ended on 31st March, 2014 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 (upto 11.04.2014)	4	4	No
02	Shri Shailendra Prakash Sinha	4	4	No
03	Shri Anant Prakash Sinha	4	3	No
04	Shri D.N. Bhandari (upto 22.5.2014)	4	2	Yes
05	Shri B.C. Srivastava	4	4	Yes
06	Dr. K.C. Varshney	4	4	No
07	Shri Mahendra Lodha	4	1	No
08	Shri A. K. Mallick	4	-	No
09	Shri Ravindra Prasad	1	-	No

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

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

Name of Directors	No. of Directorship	Chairman of the Board	Board Committees of which he is a Member	Board Committees of which he is a Chairman
Shri Satyadeva Prakash Sinha (upto 11.04.2014)		1	1	-
Shri Shailendra Prakash Sinha	3	-	1	-
Shri Anant Prakash Sinha	2	-	-	-
Shri D.N. Bhandari (upto 22.05.2014)	1	-	1	2
Shri B.C. Srivastava	3	-	2	-
Dr. K.C. Varshney	3	-	1	3
Shri Mahendra Lodha	8	-	6	5
Shri A. K. Mallick (upto 12.2.2014)	1	-	-	-
Shri Ravindra Prasad (w.e.f. 13.2.2014)	1	-	-	-

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

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

During the year ended March 31, 2014, the Board of Directors held 4 meetings. These were held on:

<u>Meeting Serial Number</u>	<u>Date</u>	<u>Meeting Serial Number</u>	<u>Date</u>
1	17th May, 2013	3	2nd Nov., 2013
2	2nd Aug., 2013	4	13th Feb., 2014

3. **The Audit Committee:**

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

01	Shri D.N. Bhandari (upto 22.5.2014)	Chairman	Non-Executive Independent
02	Dr. K.C. Varshney	Member	Non-Executive Independent
03	Shri B.C. Srivastava	Member	Non-Executive Independent
04	Shri Mahendra Lodha	Member	Non-Executive Non-Independent

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

(ii) **The following meetings of Audit Committee were held during the year ended 31.3.2014.**

<u>Meeting Sl. No.</u>	<u>Date</u>	<u>Meeting Sl. No.</u>	<u>Date</u>
1	17th May, 2013	3	2nd Nov., 2013
2	2nd Aug., 2013	4	13th Feb., 2014

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

<u>Sl. No.</u>	<u>Name of Members of Audit Committee</u>	<u>No. of meetings held during the tenure</u>	<u>No. of meetings attended</u>
1	Shri D. N. Bhandari, Chairman (upto 22.5.2014)	4	2
2	Dr. K. C. Varshney, Member	4	4
3	Shri B.C. Srivastava, Member	4	4
4	Shri Mahendra Lodha	4	1

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

- a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending appointment and removal of auditors, fixation of audit fee, approval of payment to statutory auditors for any other services rendered by them.

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

**4. Remuneration Committee :**

(i) The Remuneration Committee comprises the following directors :

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

The Remuneration Committee met on 13th Feb., 2014 to consider the 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 13th February, 2014.

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

(iv) **Remuneration Policy**

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



**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) Rules 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 2013-14 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	35.40	34.20	31.80	101.40
Benefits	24.19	22.75	19.79	66.73
Bonus	-	-	-	-
Stock Option	-	-	-	-
Pension	-	-	-	-
Provident Fund	-	4.10	3.82	7.92
Total	59.59	61.05	55.41	176.05

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

**(c) Service Contract :**

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

**(ii) Severance Fees :**

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

**(iii) Stock Option Details : Nil**

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

In view of accumulated loss, the company does not pay any remuneration to non-executive Directors except sitting fees for attending the meetings of the Board of Directors or the Committees thereof. The details of sitting fees paid during the year ended 31st March' 2014 are as under:

Name of the Director	Amount of Sitting Fee (Rs.)
Shri D.N. Bhandari	25,000
Shri B.C. Srivastava	45,000
Dr. K.C. Varshney	45,000
Shri Mahendra Lodha	10,000
<b>TOTAL</b>	<b>1,25,000</b>

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

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

1	Name of the Employee - Shri Shailendra Prakash Sinha	6	Qualification and experience of the Employee  Experience	i. B. Com., Certificate holder in Hotel Management from Cornell University  ii. Senior Executive Programme, Stanford University - 43 Years
2	Designation of the Employee - Managing Director	7	Date of Commencement of Employment	- 23rd February, 2007
3	Remuneration Received - Rs. 61.05 Lacs	8	Age of Employee	- 64 Years
4	Nature of Employment - whether contractual or otherwise - Contractual	9	Last employment held	- Manager, Kalyanpur Cements Limited
5	Nature of duty of the Employee - Overall management of the affairs of the company subject to supervision by the Board of Directors	10	%age of Equity Shares held	- Nil

(vi) **Management-**

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

(vii) **Shareholders**

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

- a.1 Details of Shri Ravindra Prasad, appointed as an Additional Director and proposed to be appointed as Director in the Annual General Meeting.

Shri Ravindra Prasad born on 1st July 1972 is a Bachelor of Engineering (Electronics) and an MBA. He is from Indian Telecom Services and was earlier working as Director (Deptt. of Telecommunication), Govt. of India, New Delhi. He is presently working in the capacity of Director, Technical Development, Industry Department, Government of Bihar. On his nomination by Government of Bihar in place of the earlier nominee, he was appointed as Additional Director w.e.f. 13.2.2014. He does not hold Directorship in any other company nor he holds any shares in the company. He is also not related with any director of the company.

- a.2 Details of Shri Mahendra Lodha proposed to be reappointed in the Annual General Meeting.

Shri Mahendra Lodha, born in August 1956 is a practicing Chartered Accountant based at Ahmedabad. He was appointed on the Board of the Company w.e.f. 23rd February, 2007. He has rich experience and expertise in Financial Sector like Project Financing, etc. He is also a renowned Consultant and provides consultancy in various areas in Corporate and Financial field. Shri Lodha is on the Board of Several Companies namely (i) Amul Exim Ltd., (ii) Nitrex Chemicals India Ltd., (iii) Tulip Star Hotels Ltd., (iv) Rama Petrochemicals Ltd., (v) Rainbow Denim Ltd., (vi) Steelco Gujrat Ltd., and (vii) Parixit Industries Ltd. He is also member and chairman of the Committees of the Board of Directors of these Companies. Mr. Lodha does not hold any share in the company. He is also not related with any director of the company.

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

(b) **Relationship**

None of the directors of the company is related with the directors proposed to be appointed / reappointed.

- (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 had formed a Board Committee under Chairmanship of Shri D. N. Bhandari, 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".
- (e) The Board has already formed a committee known as "Share Transfer and Shareholders' Grievance Redressal Committee" for expeditious transfer of shares and the Company expeditiously transfers the shares as and when requests for such transfers are received.



- (viii) There were no occasions of penalty /strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during last 3 years.
- (ix) Whistle Blower Policy is yet to be implemented. However, no person willing to approach Audit Committee has been denied access to the committee.
- (x) Details of Compliance of Code of Corporate Governance are provided in paragraph No. 10 hereof.

**8 Means of Communication**

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

**9. General Shareholder Information:**

- (i) AGM date, time and venue : Thursday, the 11th September, 2014 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 : 2013-14
- (iii) Book closure date : 4th September, 2014 to 11th September, 2014
- (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) BSE Ltd., Mumbai
- (vi) Stock Code : 21105 - Calcutta Stock Exchange, Kolkata  
 502150 - BSE Ltd., Mumbai
- (vii) Market Price data : During the Financial Year 2013-14, only 300 shares were traded at Bombay Stock Exchange. The said 300 shares were traded @ Rs. 13.71 per share. The other relevant information is given below:

(Fig.in Rs.)

Month	No_of Shares	High	Low
January'14	300	13.71	13.71

- (viii) Performance in comparison to Board-based indices such as BSE Sensex, CRISIL Index, etc. : Since the volume of shares traded is very small, the comparison of company's shares performance with Broad-based indices like BSE Sensex, CRISIL Index etc. will not be feasible.
- (ix) Registrar & Transfer Agents (RTAs) : Link Intime India (P) Ltd.  
59C, Chowringhee Road, 3rd Floor,  
Kolkata - 700 020,  
Phone : 033-22890540  
Fax: 033-22890539  
E-Mail: Kolkata@linkintime.co.in
- x) Share transfer system : In terms of directive 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	694	8799	0.04%
2.	51-100	57	4779	0.02%
3.	101-500	41	9998	0.05%
4.	501-1000	21	16372	0.08%
5.	1001-5000	11	26348	0.12%
6.	5001-10000	2	18130	0.09%
7.	10001-50000	3	83176	0.39%
8.	50001-100000	2	171982	0.81%
9.	100001-500000	1	225128	1.06%
10.	500001 & above	6	20684342	97.50%
	<b>Total</b>	<b>838</b>	<b>21249054</b>	<b>100.00%</b>

**Shareholding Pattern :**

Particulars of holders	% of Shareholding
Promoters	53.30%
FIs, Banks, State Govt. Enterprises	15.48%
Other Corporate Bodies	31.00%
Public	0.22%
<b>TOTAL</b>	<b>100.00%</b>

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

## 10. Report on Corporate Governance

### 10.1 Mandatory Requirements

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

### 10.2 Non-Mandatory Requirements

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

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

11. (i) Compliance Certificate from Auditors : This has been obtained
- (ii) Any qualification in Auditor's Report : The Auditors have made some qualifications which, together with the management replies/explanations have been given in Annexure-1 to the Directors' Report.
12. CEO/CFO Certification : As required under clause 49 of the listing Agreement, the CEO/CFO certification is provided in the Annual Report.

13. Code of Conduct

: Board of Directors have laid down a Code of Conduct for all Board members and senior management of the company. The code of conduct has been posted on the company's website. The directors and senior members of the Management of the Company have affirmed compliance with the code for the financial year 2013-14. 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

**(Shailendra Prakash Sinha)**  
**Managing Director**

**(Dr. K.C. Varshney)**  
**Director**

**(B.C. Srivastava)**  
**Director**

Patna

Date : 23rd May, 2014

## ANNEXURE TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY:

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

→

**FORM "A"**

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

**A. POWER & FUEL CONSUMPTION**

	Year ended 31.03.2014			Year ended 31.03.2013		
	Lac units (KWH)	Total Amount (Rs. in Lacs)	Rs. Per unit	Lac units (KWH)	Total Amount (Rs. in Lacs)	Rs. Per unit
<b>1. Electricity</b>						
a) Purchased (State Power Utility Company)	616.47	3614.18	5.86	669.13	3784.64	5.66
b) Own Generation through Diesel Generator	-	-	-	-	-	-

	Year ended 31.03.2014			Year ended 31.03.2013		
	Gross Qnty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./tonne)	Gross Qnty. (Lac tonnes)	Total Cost (Rs. in Lacs)	Avg. Rate (Rs./tonne)
<b>2. Quality of Coal</b>						
Non-Coking Coal - Long Flame ( Grade A / B ) (Used in Kiln for Clinker Manufacture)	0.923	7355.82	7969.07	1.055	8456.67	8017.17
Rice Husk	0.002	9.64	4102.69	0.014	59.33	4134.83

**3. Consumption per unit of Production**

	Industry Norm (Dry Process)	Year ended 31.03.2014	Year ended 31.03.2013
Electricity (KWH / ton Cement)	100 -115	96	91
Coal for Kiln (K. Cal / Kg. Clinker)	750-850	750	739

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

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

4. Expenditure on R&D	Rs. in Lacs
a) Capital	
b) Recurring	4.82
c) Total	4.82
d) Total R&D Expenditure as percentage of total turnover (%)	0.02.%

**FOREIGN EXCHANGE EARNING AND OUTGO :**

	Rs. in Lacs
1. Foreign Exchange Earned	nil
2. Foreign Exchange Outgo (Expenditure on Foreign Travel)	2.72

On behalf of the Board

(Shailendra Prakash Sinha)  
Managing Director

(Dr. K.C. Varshney)  
Director

B.C. Srivastava)  
Director

Patna

Dated : 23rd May, 2014

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Industry Structure and developments**

Indian cement industry expanded rapidly after it was delicensed in 1991. It expanded in a major way between 2007 and 2012, when , encouraged by sustained economic growth coupled with the boom in the infrastructure and real estate from 2005 onwards, Cement companies added fresh capacities. Around half of the existing capacity of 360 million tonnes , were added during this period.

The potential for development in the infrastructure and housing sectors encouraged many transnational companies like HOLCIM ,Hiedelberg , Lafarge , Italicementi, and CRH to take up stakes in Indian Companies , which in many cases was increased to acquire controlling stakes. Some of the major acquisitions in recent years have been Raymonds and Tata Cements by Lafarge , ACC and Gujarat Ambuja by HOLCIM and My Home Industries by CRH.

However, increase in interest rates by the Govt, to tame inflationary pressures coupled with cutback in Govt. spending on infrastructure from 2010 led to steep drop in Cement demand . The industry was left with huge oversupplies and unutilized capacity .Furthermore, the spending of USD one trillion on infrastructure proposed in the 12th five year plan period from 2012 till 2017 was yet to get underway, though the cement industry is well on way to achieve the installed capacity target of 480 mil. Tonnes by 2017 set in the 5- year plan.

The margin of the cement industry has been severely eroded by loss of pricing power on one hand and continued increase in cost of power , fuel and transportation following Govt. decision to cut back on subsidies . There were 14 hikes in price of diesel alone since January'2013. The Cement Industry has since been facing mounting problems , which has given impetus to the process of consolidation in the industry to achieve better economies of scale , market access and improved pricing power . Jaypee Cements , under huge debts , have divested their majority stake in their 2.1 mill. tonne plant at Bokaro in favour of Dalmia Cements as well as their stake in their 2 plants of 2.8 mil. Tonnes each in favour of Ultratech. Binani Cements ,with a total capacity of 6 mil. Tonnes from 2 plants in Rajasthan have suspended operations at their two plants in Rajasthan .HOLCIM and Lafarge , the two largest cement producers in the world have announced merger plans , after which their combined capacity in India will go upto 68 mill. tonnes . Similar such acquisitions are also under negotiations .

### **2.0 Opportunities and Threats**

#### **2.1 Opportunities**

The Govt. since 2010 has kept interest rate high to curb inflationary pressures in the economy , which has largely been unsuccessful. While this has led to steep fall in demand , inflation has continued to remain high. In view of the present state of the economy and moribund demand , the Govt . may soon cut interest rates and reduce Excise duty , which may once again revive demand. Further , it is also being anticipated that the stalled infrastructure projects may soon be restarted , which will start an infrastructure boom and reduce oversupplies. Moreover, cement industry in India has entered a phase of consolidation with larger players acquiring the smaller ones to gain market share , which will improve the pricing power of the industry.



## 2.2 Threats

The Cement sector has been reeling under crisis for last 3 years due to massive oversupplies, inadequate demand and continued cost increases. None of the above factors are likely to change in the near term. Capacity additions continue unabated in the hope of reaping benefit in the long term, when demand revives. The cost of coal, power and transport are also expected to maintain an upward trend, as the Govt may persist with its policy of doing away with subsidies. Further, despite failing to control inflation in the last 3 years by persisting with tight monetary policy, the Govt may still not delink inflation from bank rates, which will continue to curb demand in the economy.

## 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

India's housing and infrastructure deficits point to huge potential for development and the cement sector will benefit immensely as and when momentum picks up. Infrastructure as a percentage of GDP has been steadily increasing over the last two 5-year plans increasing from 5 % in the 10th Plan to 7.2 % in the 11th Plan. In the 12th 5-year Plan, the Govt. plans to increase this to 9.1 % of GDP, equal to an investment of Rs.51,464 billion and additional demand of 145 mill. tonnes between 2013-17. The fact that cement majors have built up capacities in advance is an indicator of their expectation that demand will sooner or later pick up. The focus of the Government on strengthening of infrastructure and promotion of low cost affordable housing is expected to drive the demand for cement. According to CARE Research, which is a division of CARE Ratings, in the event of Low Cost Housing going forward, this could mean cement demand of 270-290 mill. tonnes in the next 3-4years.

## 5.0 Risks and concerns

Cement sector is in grip of negative factors and Companies are continuously losing pricing power and costs continue to rise. Power, fuel and freight costs make up around 60-65 % of the total cost. CARE Research, anticipates that power and fuel costs will further increase by 10 % in 2014. Diesel prices were up 15% this fiscal and it is estimated that freight costs / tonne will again go up 15 % in 2014. Further, capacity is way ahead of consumption. Between 2009 and 2013, capacity increased at CAGR of around 10 %. However, fresh capacity continue to be added to secure future demand with addition of around 66 mill tonnes expected during the period 2014-16. This will further erode margins of the Industry. Infrastructure Projects have been delayed by spiralling costs, land acquisition and environmental issues. With land acquisition and environmental laws getting more stringent, infrastructure projects may get further delayed and impede investments.

## 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.

**7.0 Financial performance with respect to operational performance**

As a result of lower plant availability due to increased frequency of unplanned stoppages , capacity utilization levels in both Clinker and Cement declined during the year . As total arrivals were far in excess of demand , It was difficult to maintain price levels , as manufacturers pushed sales by cutting prices to beat competition . In view of the market condition and continued increase in input costs , it was increasingly difficult to cover the cost at existing levels of realization and input supplies were maintained with great difficulty by further increasing liability levels . Major high cost spares and consumables were arranged on deferred payment terms.

**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 . Interactions amongst plant personnel on a daily basis also help improve sensitivity about the plant and 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 1087 persons during the year.

**On behalf of the Board**

**(Shailendra Prakash Sinha)**  
**Managing Director**

**(Dr. K.C. Varshney)**  
**Director**

**(B.C. Srivastava)**  
**Director**

**Patna**  
**Dated : 23rd May, 2014**

23rd May, 2014

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

Dear Sirs,

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

We hereby certify that we have reviewed the Balance Sheet, Profit & Loss Statement, Notes annexed to the Balance Sheet and Profit & Loss Statement and Cash Flow Statement of the company for the year ended 31st March, 2014 and to the best of our knowledge and belief, we declare that

- 1.1 These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- 1.2 These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 1.3 There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct. The Directors as well as Senior Members of Management have also affirmed compliance with the Code of Conduct.
- 1.4 We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and that we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 1.5 We have indicated to the Auditors and the Audit Committee
  - (a) Significant changes in the Internal Control over financial reporting during the year.
  - (b) That the accounting policies followed during the earlier year have been consistently applied during the financial year ended on 31.03.2014.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2014.

For KALYANPUR CEMENTS LTD.

(SHAIENDRA P. SINHA)  
MANAGING DIRECTOR

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

Date: 23rd May, 2014

## 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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

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

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Kalyanpur Cements Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **KALYANPUR CEMENTS LIMITED**, which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**M. MUKERJEE & CO.**  
**Chartered Accountants**

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As stated in para 1.1 and 1.2 of Note 19 of the Balance Sheet, the claims of BSEB are disputed in respect of 33 KV and 132 KV power connections. The extent and nature of disputes as well as the financial implication, if not resolved as anticipated, have been explained by the Management in the said Note.
3. In terms of para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil - Kalyanpur Cements Ltd. Trust.
4. **Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs. 3119.28 Lacs for the year amount to Rs. 31198.80 Lacs against the capital and reserve of Rs. 4836.54 Lacs which leaves a negative networth of Rs. 26362.26 Lacs. In view of this negative networth, ability of the Company to continue as a going concern is dependent upon the Company's performance after the scheme sanctioned by BIFR. Reference may be made to clause no. (x) of annexure to Auditors Report read with para 5 of Note 19 to the Balance Sheet.**
5. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us ;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956 and
  - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

24, Netaji Subhas Road  
Kolkata-700 001

Camp - Patna  
May 23, 2014

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

**SPANDAN SENGUPTA**  
**Partner**  
Membership No: 135833

## ANNEXURE TO AUDITOR'S REPORT

- (i) According to the information and as explained to us :
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - No substantial part of the fixed assets has been disposed off during the year.
- (ii) According to the information and as explained to us :
- Physical verification of inventory has been conducted at reasonable intervals by the management.
  - 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.
  - 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 :
- 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.
  - Transactions made in pursuance of such contracts or arrangements including those which are above Rs. 5 lakhs per party per annum have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and as explained to us, the Company has not accepted deposits from the public as defined in Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
- (vii) According to the information and as explained to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company is required to maintain cost records in respect of clinker and cement production. We have broadly reviewed the books and prima facie it appears to us that the books and records are maintained. We have, however, not made a detailed examination of the books to ascertain if they are correctly maintained.
- (ix) **According to information and as explained to us, there has been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Excise Duty, cess and any other statutory dues with the appropriate authorities. The extent of arrears as on 31<sup>st</sup> March, 2014 in respect of dues over six months are as below :-**
- Royalty on Limestone - Rs. 1342.20 Lacs**

**As per information and explanation received, Royalty dues including the dues as per BIFR sanctioned scheme amount to Rs. 1342.20 Lacs .**

**M. MUKERJEE & C O.**  
**Chartered Accountants**

**b) Cement Regulation Account - Rs. 208.23 Lacs**

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

**c) Provident Fund, EPS, - Rs. 1076.51 Lacs**

**d) Tax deducted at Source (TDS) - Rs. 233.92 Lacs**

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

- (x) According to the information and as explained to us, the accumulated losses at the end of financial year are not less than fifty percent of its net worth. It has made Cash Loss in the current as well as in the immediately preceding financial year.
- (xi) Some defaults have been taken place in payment of dues to Financial Institutions, Banks and Debentureholders as referred to in Note 4 to the Balance Sheet.
- (xii) According to the information and as explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and as explained to us, provisions of any special statute applicable to chit fund are not applicable to this company.
- (xiv) According to the information and as explained to us, the Company is not dealing or trading in shares, securities, debentures and other investment.
- (xv) According to the information and as explained to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) According to the information and as explained to us, the Company has obtained priority debt of Rs. 175.00 lacs during the year..
- (xvii) According to the information and as explained to us, funds raised for short term basis have not been used for long term investment
- (xviii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) According to the information and as explained to us, the Company has not raised any money by public issue during the year.
- (xxi) According to the information and as explained to us, no fraud on or by the Company came either to the notice of the Company or to us.

**24, Netaji Subhas Road**  
**Kolkata-700 001**

**Camp - Patna**  
**May 23, 2014**

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

**SPANDAN SENGUPTA**  
**Partner**  
**Membership No: 135833**



**BALANCE SHEET AS ON 31ST MARCH, 2014**

(₹ Lacs)

	Note No.	Figures as at the end of Current reporting period ended 31st March, 2014	Figures as at the end of previous reporting period ended 31st March, 2013
<b>I. Equity and Liabilities</b>			
<b>1.0 Shareholders' Funds</b>			
a) Share Capital	1	2,787.14	2,787.14
b) Reserves & Surplus	2	(29,149.40)	(26,030.12)
c) Money received against share warrants		-	-
<b>Total Shareholder's Fund</b>		<b>(26,362.26)</b>	<b>(23,242.98)</b>
<b>2.0 Share application money pending allotment</b>		-	-
<b>3.0 Non-Current Liabilities</b>			
a) Long-term borrowings	3	9,510.85	7,716.38
b) Deferred Tax Liabilities(Net)		0.00	0.00
c) Other Long term Liabilities		1,752.02	1,793.66
d) Long-term provisions		1,654.52	1,677.42
<b>Total Non-Current Liabilities</b>		<b>12,917.39</b>	<b>11,187.46</b>
<b>4.0 Current Liabilities</b>			
a) Short-term borrowings	4	841.95	967.50
b) Trade Payables		7,411.21	6,467.00
c) Other Current Liabilities		17,924.80	17,225.11
d) Short-term provisions		202.53	140.41
<b>Total Current Liabilities</b>		<b>26,380.49</b>	<b>24,800.02</b>
<b>5.0 Total Equity &amp; Liabilities</b>		<b>12,935.62</b>	<b>12,744.50</b>
<b>II. Assets</b>			
<b>1.0 Non-Current Assets</b>			
<b>a) Fixed Assets</b>			
i) Tangible Assets	5	6,285.11	7,046.11
ii) Intangible Assets		1.39	1.39
iii) Capital Work-in-progress		-	16.72
iv) Intangible Assets under development		-	-
<b>Total Fixed Assets</b>		<b>6,286.50</b>	<b>7,064.22</b>
b) Non-Current Investments		-	-
c) Deferred Tax Assets (Net)		-	-
d) Long Term Loans & Advances	6	2,207.50	679.66
e) Other Non-Current Assets		-	-
<b>Total Non-Current Assets</b>		<b>8,494.00</b>	<b>7,743.88</b>
<b>2.0 Current Assets</b>			
a) Current Investments	7	-	-
b) Inventories		2,008.98	2,648.30
c) Trade Receivables		204.39	422.57
d) Cash & Cash Equivalants		238.39	388.71
e) Short Term Loans & Advances	8	1,403.19	1,437.84
f) Other Current Assets	9	586.67	103.20
<b>Total Current Assets</b>		<b>4,441.62</b>	<b>5,000.62</b>
<b>Total Assets</b>		<b>12,935.62</b>	<b>12,744.50</b>
<b>Accounting Policies</b>	18		
<b>Notes to Balance Sheet</b>	19		

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

24, Netaji Subhas Road  
Kolkata-700 001  
Camp : Patna  
Date : 23 May, 2014

**M. MUKERJEE & CO.**  
Spandan Sengupta  
Partner  
**CHARTERED ACCOUNTANTS**  
MEMBERSHIP NO. 135833  
FRN. 303013E

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

**Shailendra P. Sinha**  
**MANAGING DIRECTOR**

**Dr. K. C. Varhney**  
**DIRECTOR**

**B.C. Srivastava**  
**DIRECTOR**

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ Lacs)

Particulars	Note No.	Figures for the current reporting period ended 31st March, 2014	Figures for the previous reporting period ended 31st March, 2013
<b>I Revenue</b>			
1 Revenue from Operations	10		
Sales Revenue		26,446.06	30,223.66
Less:Excise Duty		3,784.08	4,317.19
<b>Revenue from Operations (Net)</b>		<b>22,661.98</b>	<b>25,906.47</b>
<b>II Other Income</b>	11	3,003.94	1,604.72
<b>III Total Revenue</b>		<b>25,665.92</b>	<b>27,511.19</b>
<b>IV Expenses</b>			
1 Cost of Materials Consumed	12	3,502.73	4,309.46
2 Other Manufacturing Expenses	13	15,226.40	16,352.72
3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	14	534.01	351.10
4 Employee benefits Expenses	15	3,478.67	3,314.70
5 Finance Costs	16	1,808.92	1,582.59
6 Depreciation and Amortisation		768.34	993.42
7 Freight & Selling Expenses		2,851.16	3,453.29
8 Other Expenses	17	609.46	687.08
<b>9 Total Expenses</b>		<b>28,779.69</b>	<b>31,044.36</b>
<b>V Profit before exceptional and extraordinary items and Tax(III-IV)</b>		<b>(3,113.77)</b>	<b>(3,533.17)</b>
<b>VI Exceptional Items</b>			
<b>VII Profit before extraordinary items and Tax(V-VI)</b>		<b>(3,113.77)</b>	<b>(3,533.17)</b>
<b>VIII Extraordinary Items</b>			
<b>IX Profit before Tax(VII-VIII)</b>		<b>(3,113.77)</b>	<b>(3,533.17)</b>
<b>X Tax Expenses:</b>			
1 Current Tax -FBT		5.51	-
2 Deferred Tax			
<b>XI Profit/(Loss)for the period from continuing operations(IX-X)</b>		<b>(3,119.28)</b>	<b>(3,533.17)</b>
<b>XII Earnings per equity share:</b>			
1 Basic		(14.68)	(16.63)
2 Diluted			
<b>Accounting Policies</b>	18		
<b>Notes to Profit &amp; Loss Statement</b>	20		

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

24, Netaji Subhas Road  
Kolkata-700 001  
Camp : Patna  
Date : 23 May, 2014

**M. MUKERJEE & CO.**  
Spandan Sengupta  
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**DIRECTOR**

B.C. Srivastava  
**DIRECTOR**

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

NOTE - 1				
(₹ Lacs)				
Particulars	As at 31st March, 2014		As at 31st March, 2013	
<b>1.1 SHARE CAPITAL</b>				
<b>Authorised Capital</b>				
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
<b>Total</b>		<b>9,670.00</b>		<b>9,670.00</b>
<b>ISSUED &amp; SUBSCRIBED CAPITAL</b>				
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
<b>Total</b>		<b>2,788.56</b>		<b>2,788.56</b>
<b>Paid-up Capital</b>				
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)	<u>0.47</u>	2,125.38	<u>0.47</u>	2,125.38
<b>Total</b>		<b>2,787.14</b>		<b>2,787.14</b>

- 1.2 Redemption of Preference Shares: In terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court, the Preference shares were to be redeemed in three annual installments i.e. 2009-10, 2010-11 and 2011-12 @ Rs. 2.21 Crs. every year. The Companies Act, 1956, however, provides that the Preference shares can be redeemed either out of the profit available for distribution of dividend or out of the fresh proceeds of shares issued for the said purpose. Since the company did not either have profit available for distribution of dividend or any fresh proceed of shares, a legal opinion was obtained from M/s. Khaitan & Co., Advocates & Solicitors, Kolkata whether the preference shares could be redeemed by the company. They have opined that the Preference shares of the company could not be redeemed under the present circumstances.
- 1.3 There is no change in the number of shares at the end of the reporting period as compared to the same at the beginning of the reporting period.
- 1.4 The Company does not have any holding company or ultimate holding company.

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

Sl. No.	Name of Share holder	As on 31.03.2014		As on 31.03.2013	
		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
	<b>Total</b>	<b>19,824,342</b>	<b>93.31</b>	<b>19,824,342</b>	<b>93.31</b>

- 1.6 The Preference Shares carry the preferential rights as provided in the Companies Act 1956. There is no restriction on distribution of dividends and repayment of Capital with respect to any shares and the same would be governed by the provisions of the Companies Act,1956.
- 1.7 No Shares have been reserved for issue under options and contracts /commitments for the sale of shares / disinvestments.
- 1.8 No shares have been allotted as fully paid up pursuant to contracts without payment being received in cash.
- 1.9 No bonus shares have been issued and no shares have been bought back.
- 1.10 No convertible securities are outstanding at the end of the reporting period nor any calls are unpaid.
- 1.11 The Company proposes to raise Equity Share Capital of Rs.10.63 Crores on Rights Basis and had filed a Draft Letter of Offer with Securities and Exchange Board of India (SEBI). SEBI has granted approval vide its observation letter dated 30th October,2013. The proposed issue as per SEBI observation letter is required to open within a period of 12 months i.e. upto 30th October,2014

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

**NOTE-2**

₹ Lacs

Particulars	As at 31st March,2014	As at 31st March,2013
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>	0.11	0.11
As per last account		
<b>Security Premium Reserve</b>	2,049.29	2,049.29
As per last account		
<b>Surplus</b>		
As per last account	(28,079.52)	(24,546.35)
Add: Net Profit/(Loss) transferred from Profit/(Loss) Statement	(3,119.28)	(3,533.17)
Surplus i.e. balance in Profit & Loss Statement	(31,198.80)	(28,079.52)
<b>Total</b>	<b>(29,149.40)</b>	<b>(26,030.12)</b>

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

(₹ Lacs)

Particulars	As at 31st March,2014	As at 31st March,2013
<b>3.1 Non-Current Liabilities</b>		
<b>(a) Long Term Borrowings</b>		
<b>1 Bonds / Debentures (Secured)</b>		
Non-Convertible Debentures		
1 IFCI Ltd.	-	6,665.85
2 Assets Care & Reconstruction Enterprise Ltd	7,945.85	-
<b>2 Term Loans</b>		
Assets Care & Reconstruction Enterprise Ltd.	1565.00	-
<b>3 Other Term Loans (Secured)</b>		
IFCI Ltd. (as Nodal Agency for Excise Loan from Govt. of India)		350.37
<b>4 Deferred Payment Liabilities (Unsecured)</b>		
Deferred Sales Tax	-	700.16
<b>Total</b>	<b>9,510.85</b>	<b>7,716.38</b>
<b>(b) Deferred Tax Liabilities (Net)</b>		
<b>(c) Other Long Term Liabilities (Unsecured)</b>		
1 Unsecured Loan from Related Parties	100.00	100.00
2 Other Long Term Liabilities (Unsecured)	1,652.02	1,693.66
<b>Total</b>	<b>1,752.02</b>	<b>1,793.66</b>
<b>(d) Long Term Provisions</b>		
1 Accrued Leave Liabilities	287.11	288.79
2 Accrued Gratuity Liabilities	1,367.41	1,388.63
<b>Total</b>	<b>1,654.52</b>	<b>1,677.42</b>
<b>Total</b>	<b>12,917.39</b>	<b>11,187.46</b>

- 3.2 The Non-Convertible Debentures (NCDs) have been secured by creating mortgage on land at Chimur, district Chandrapur, Maharashtra in favour of Debenture Trustees namely IDBI Trusteeship Services Ltd., Mumbai besides mortgage on all other immovable properties.
- 3.3 The NCDs held by the Strategic Investors, M/s. Vivid Colors Pvt. Ltd. were sold by them to IFCI Ltd., pursuant to a Memorandum of Understanding (MOU) and a Debenture Sale Agreement both dated 28th June, 2012 between IFCI Ltd., the Company and the Strategic Investors with a provision of buy-back of the NCDs by the Strategic Investors, as security for settlement of the transaction between IFCI Ltd. and the Company. Subsequently on assignment of the debt of Rs. 15.65 crores by IFCI Ltd. in favour of Asset Care & Reconstruction Enterprise Ltd.(ACRE), the NCDs were transferred in favour of ACRE pursuant to an MOU, with similar provision of buy back of NCDs by the Strategic Investors, on clearing the dues of Rs.15.65 Crores by KCL to ACRE Ltd. The transaction would be concluded as per the MOU dated 28th June,2013.
- 3.4 As per Scheme of Compromise, approved by the Hon'ble Calcutta High Court no interest is payable on the Non-Convertible Debentures.
- 3.5 As per the Scheme sanctioned by BIFR, the unsecured loans of Rs.200 lacs [Rs.100 lacs at 3.1 ( c )(1) and Rs.100 lacs included in 3.1 ( c )(2)] 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,2014	As at 31st March,2013
<b>4.1 Current Liabilities</b>		
<b>(i) Short Term Borrowings</b>		
(a) Loan Repayable on Demand		
Loans from Banks	31.95	392.50
(b) Other Loans & Advances	810.00	575.00
<b>Total</b>	<b>841.95</b>	<b>967.50</b>
<b>(ii) Trade Payables</b>		
(a) Sundry Creditors for Supply & Services	7,369.30	6,458.76
(b) Sundry Creditors -Micro and Small Enterprises	41.91	8.24
<b>Total</b>	<b>7,411.21</b>	<b>6,467.00</b>
<b>(iii) Other Current Liabilities</b>		
(a) Current Maturities of Long Term Debts		
Excise Loan from Govt. of India	702.37	352.00
Non Convertible Debentures	-	1,280.00
(b) Interest Accrued and due on Borrowings	103.59	176.27
(c) Interest Accrued and due on Statutory Liabilities	737.94	528.39
(d) Unpaid Matured Debentures	.	36.00
(e) Loan from IFCI Ltd.	.	1,565.00
(f) Other Payables	16,380.90	13,287.45
<b>Total</b>	<b>17,924.80</b>	<b>17,225.11</b>
<b>(iv) Short Term Provisions</b>		
(a) Provision for Employee Benefits		
Accrued Leave Liabilities	40.80	35.56
Accrued Gratuity Liabilities	160.36	102.95
Bonus	1.37	1.90
(b) Others		
<b>Total</b>	<b>202.53</b>	<b>140.41</b>
<b>Total</b>	<b>26,380.49</b>	<b>24,800.02</b>

4.2 Loans from Banks (Sl.No.(i)(a) include the loans of Rs.31.95 Lacs (Prev.Yr.Rs.22.54Lacs)against Fixed Deposits and overdraft of Rs.0.00 Lacs(Prev.Yr.Rs.369.96Lacs).

4.3 Status of Security	As on 31st March,2014	As on 31st March,2013
Following amounts are secured by mortgage on Fixed Assets of the Company		
Current Maturities of Long Term Debts		
Excise Loan from Govt. of India	702.37	352.00
Non Convertible Debentures		
IFCI Ltd.	-	1,280.00
Interest Accrued and due on Borrowings	-	11.93
Unpaid Matured Debentures & Interest accrued thereon		
Non Convertible Debentures		
Industrial Investment Bank of India (IIBI)	-	36.00
<b>Total</b>	<b>702.37</b>	<b>1,679.93</b>

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.

4.4 Loan from IFCI - 1,565.00

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

4.5 Details of continuig defaults

Sl. No.	Name of Lenders	Default as on 31st Mar'14	Period of Default	Default as on 31st Mar'13	Period of Default
			Payable on 31st Mar'14		Payable on 31st Mar'13
1	Industrial Investment Bank of India (IIBI)	-	-	36.00	-Do-
2	Excise Loan from Govt. of India	352.00	-Do-	102.00	-Do-
3	Total	352.00	-Do-	138.00	-Do-

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

(₹ Lacs)

**FIXED ASSETS**

Sl. No	Description of Assets	Gross Block			Depreciation			Net Block			
		Cost upto 31 March 2013 (1)	Additions during year 2013-14 (2)	Sold or Discarded during year 2013-14 (3)	Cost upto 31 March 2014 (4)	Depreciation upto 31 March 2013 (5)	Adjustment of depreciation on Sold / Discarded Assets 2013-14 (6)	Provision for depreciation 2013-14 (7)	Total depreciation upto 31 March 2014 (5+6+7) (8)	As on 31 March 2014 (9)	As on 31 March 2013 (10)
<b>Tangible Assets</b>											
1	Land	4.07	0.00	0.15	3.92	0.00	0.00	0.00	0.00	3.92	4.07
2	Quarry Developement	1,605.21	0.00	0.00	1,605.21	1,101.05	0.00	72.17	1,173.22	431.99	504.16
3	Plant & Machinery	24,379.95	0.00	0.00	24,379.95	19,071.37	0.00	579.02	19,650.39	4,729.56	5308.58
4	New Building Factory	1,729.70	0.00	0.00	1,729.70	1,029.90	0.00	55.95	1,086.85	642.85	699.8
5	New Building Non-factory	446.68	0.00	0.00	446.68	133.58	0.00	7.15	140.73	305.95	313.1
6	Railway Siding	670.47	0.00	0.00	670.47	582.78	0.00	35.25	618.03	52.44	87.69
7	Furniture & Fittings	45.47	0.17	0.00	45.64	30.38	0.00	1.38	31.76	13.88	15.09
8	Motor Cars	79.04	0.00	0.00	79.04	31.89	0.00	6.69	38.58	40.46	47.15
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	272.63	7.32	0.00	279.95	225.82	0.00	8.16	233.98	45.97	46.81
11	Electrical Equipments	128.86	0.00	0.00	128.86	109.73	0.00	1.57	111.30	17.56	19.13
<b>Total Tangible Assets</b>		<b>29,372.44</b>	<b>7.49</b>	<b>0.15</b>	<b>29,379.78</b>	<b>22,326.33</b>	<b>0.00</b>	<b>768.34</b>	<b>23,094.67</b>	<b>6,285.11</b>	<b>7,046.11</b>
<b>Intangible Assets</b>											
1	Software	5.88	0.00	0.00	5.88	4.49	0.00	0.00	4.49	1.39	1.39
<b>Total Tangible &amp; Intangible Assets</b>		<b>29,378.32</b>	<b>7.49</b>	<b>0.15</b>	<b>29,385.66</b>	<b>22,330.82</b>	<b>0.00</b>	<b>768.34</b>	<b>23,099.16</b>	<b>6,286.50</b>	<b>7,047.50</b>
<b>Figures for Previous Year</b>		<b>29,221.09</b>	<b>160.25</b>	<b>3.02</b>	<b>29,378.32</b>	<b>21,338.01</b>	<b>0.61</b>	<b>993.42</b>	<b>22,330.82</b>	<b>7,047.50</b>	



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

(₹ Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>6.1 Non-Current Assets</b>		
<b>Long Term Loans &amp; Advances</b>		
(a) Capital Advance	-	3.79
(b) Security Deposits	536.79	325.65
(c) Other Loans & Advances	1,670.71	350.22
<b>Total</b>	<b>2,207.50</b>	<b>679.66</b>
	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
<b>6.2 Nature of Securities</b>		
Secured, considered good	-	-
Unsecured, considered good	2,207.50	679.66

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

NOTE - 7

(₹ Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>7.1 Current Assets</b>		
(i) Current Investments	0	0
(ii) Inventories		
(a) Raw Materials	111.30	367.43
(b) Work-in-Progress	164.63	184.85
(c) Finished Goods	114.72	412.57
(d) Stores & Spares	1,618.33	1,683.45
<b>Total</b>	<b>2,008.98</b>	<b>2,648.30</b>
(iii) Trade Receivable		
(a) Trade Receivable due for a period exceeding 6 months	43.01	46.15
(b) Trade Receivable due for a period upto 6 months	161.38	376.42
<b>Total</b>	<b>204.39</b>	<b>422.57</b>
(iv) Cash & Cash Equivalents		
(a) Balance with Banks	112.83	89.53
(b) Cheques, Drafts on hand	50.86	43.89
(c) Cash on hand	27.03	37.18
(d) Other Bank Balances (FDs)	47.67	218.11
<b>Total</b>	<b>238.39</b>	<b>388.71</b>
<b>Total Current Assets</b>	<b>2,451.76</b>	<b>3,459.58</b>

7.2 Method of valuation of inventory

Inventory has been valued as under

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

7.3 Classification of Trade Receivables based on the nature of security

- |                               |        |        |
|-------------------------------|--------|--------|
| a) Secured, considered good   | 1.33   | 4.38   |
| b) Unsecured, considered good | 203.06 | 418.19 |
| 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 | 15.10 | 188.05 |
| (ii) Fixed deposit with more than 12 month maturity               | 0.10  | 0.10   |
| (iii) Bank deposit held as security for borrowings                | 32.47 | 29.96  |
| 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. 15.58 lacs and Rs. 59.24 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, 2014	As at 31st March, 2013
<b>8.1 Short Term Loans &amp; Advances</b>		
(a) Loans & Advances to related parties	-	-
(b) Loans & Advances to Others	371.07	184.28
(c) Excise Duty Advance	826.61	1,048.56
(d) TDS / Entry Tax	205.51	205.00
<b>Total</b>	<b>1,403.19</b>	<b>1,437.84</b>

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

a) Secured, considered good

b) Unsecured, considered good

c) Doubtful

1,403.19

1,437.84

-

-

8.3 Loans &amp; 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, 2014	As at 31st March, 2013
<b>Other Current Assets</b>		
(a) Prepaid Railway Freight	7.24	32.54
(b) Other Receivables	579.43	70.66
(c) Others	-	-
<b>Total</b>	<b>586.67</b>	<b>103.20</b>

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

NOTE - 10

(₹ Lacs)

Particulars	For The Year Ended 31-Mar-14	For The Year Ended 31-Mar-13
<b>Revenue from Operations</b>		
Sale of Products	26,423.62	30,190.82
Other Operating Revenue	22.44	32.84
<b>Total</b>	<b>26,446.06</b>	<b>30,223.66</b>
Less :		
Excise Duty	3,784.08	4,317.19
<b>Total</b>	<b>22,661.98</b>	<b>25,906.47</b>

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

NOTE - 11

(₹ Lacs)

Particulars	For the year ended 31-Mar-14	For the year ended 31-Mar-13
<b>Other Income</b>		
1 Value Added Tax Reimbursement (Refer 3.0 of Note 20 on Profit & Loss Statement)	1,238.95	1,523.20
2 Profit on Sale of Assets (Refer 10.0 of Note 20 on Profit & Loss Statement)	1,657.04	0.00
3 Interest Income On Fixed Deposit - Banks (including TDS Rs.0.30 Lac Current Year.Prev. Year Rs.1.65 lac)	2.99	19.63
4 Dividend Income	0.00	0.00
5 Other non-operating income	104.96	61.89
<b>Total</b>	<b>3,003.94</b>	<b>1,604.72</b>

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

(₹ Lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Cost of Materials Consumed</b>		
Gypsum	800.77	957.07
Fly Ash	2,154.49	2,650.91
Iron Ore	498.07	686.40
Lime stone	49.40	14.78
Pozzolana	0.00	0.07
Carbon Black	0.00	0.23
<b>Total</b>	<b>3,502.73</b>	<b>4,309.46</b>

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

(₹ Lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Other Manufacturing Expenses</b>		
Power & Fuel	10,979.65	12,300.65
Consumption of Stores & Spare Parts	596.54	504.23
Consumption of Packing Materials	1,194.07	1,154.66
Repairs to Buildings	0.00	0.00
Repairs to Machinery	299.86	434.56
Repairs to Others	19.85	28.99
Mining Equipment Handling Charges	1,640.92	1,397.04
Royalty & Cess	357.89	381.80
Freight & Transport Charges	137.62	150.79
<b>Total</b>	<b>15,226.40</b>	<b>16,352.72</b>

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

NOTE - 14

(₹ Lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>14.1 Changes in Inventories</b>		
<b>Closing Stocks</b>		
Limestone	10.80	226.74
Materials - in - process	164.63	184.85
Finished goods	114.72	412.57
<b>Total Closing Stocks</b>	<b>290.15</b>	<b>824.16</b>
<b>Opening Stocks</b>		
Limestone	226.74	601.26
Materials - in - process	184.85	400.91
Finished goods	412.57	173.09
<b>Total Opening Stocks</b>	<b>824.16</b>	<b>1,175.26</b>
<b>Changes in Inventories</b>		
Limestone	215.94	374.52
Materials - in - process	20.22	216.06
Finished goods	297.85	(239.48)
<b>Total Variation in Stocks</b>	<b>534.01</b>	<b>351.10</b>

14.2 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 15.58 lacs and Rs. 59.24 lacs have been included in the respective value of stocks in Silo, at depots and in transit and recognized separately in the Profit & Loss Statement in terms of the provisions of the Accounting Standard (AS)-9.

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

NOTE - 15

(₹ Lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Employee Benefits Expense</b>		
Salaries & Wages	2,589.11	2,398.44
Bonus and Leave Wages	42.11	72.64
Directors' Salary & Benefits	168.14	165.40
Contribution to Provident & Superannuation Funds (including Rs. 7.92 Lac for Directors' provident fund-Prev. Year Rs.7.77 lac)	347.20	320.06
Staff Welfare Expenses	332.11	358.16
<b>Total</b>	<b>3,478.67</b>	<b>3,314.70</b>

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

NOTE - 16

(` Lacs)

Particulars	For the year ended 31-Mar-14	For the year ended 31-Mar-13
<b>Finance Costs</b>		
Interest Expense		
1 On Borrowings	580.38	592.15
2 On BSEB & Statutory Dues	1,224.54	978.44
3 On Security Deposits	4.00	12.00
<b>Total</b>	<b>1,808.92</b>	<b>1,582.59</b>

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

NOTE - 17

(` Lacs)

Particulars	For the year ended 31-Mar-14	For the year ended 31-Mar-13
<b>Other Expenses</b>		
1 Rent	55.23	56.07
2 Insurance	41.04	39.14
3 Rates & Taxes	2.18	2.56
4 Other Overhead Expenses		
Auditors Remuneration & Expenses		
Auditors	3.75	3.75
For Management Services	2.31	0.95
For reimbursement of expenses	3.08	3.03
Legal Expenses	34.99	45.74
Printing, Stationery & Advertisement	14.27	25.89
Postage, Telegram, Telephone & Lighting	24.40	25.99
Travelling & Motor Car Expenses	137.90	153.13
Miscellaneous Expenses	133.36	119.94
Bank Charges & Commission	11.79	29.04
Directors' Fee for Board Meeting	1.25	1.70
Research Fees	4.82	5.50
Commission on Sales	70.06	80.74
Consultation Fees & Expenses	69.03	86.97
Right Issue Expenses	0.00	6.94
<b>Total Other Expenses</b>	<b>609.46</b>	<b>687.08</b>

**KALYANPUR CEMENTS LIMITED****ACCOUNTING POLICIES ON BALANCE SHEET AND PROFIT & LOSS STATEMENT FOR THE  
YEAR ENDED 31st MARCH, 2014.****NOTE - 18**

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

1. The accounts have been drawn-up on the basis of historical cost. Impact of changing prices has not been given either in the Financial Statements or in the notes thereto.
2. Depreciation on historical cost is calculated on straight line method in terms of Section 205 (2)(b) read with Section 350 and Schedule XIV of the Companies Act, 1956. In respect of sale/disposal of fixed assets during the year, no depreciation is provided.
3. The carrying amounts of Fixed assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.
4. Stock of Raw Materials and Work-in-Progress have been valued at weightage average cost or net realizable value, whichever is lower. Stock of Finished Goods has been valued at the lower of the cost or net realisable market value. Stores & Spares are valued at average cost.
5. Retirement benefits in the form of Gratuity and Leave are determined on actuarial basis at the end of the year.
6. Fixed assets are valued at historical cost less depreciation.
7. Contingent Liabilities as disclosed, have not been provided for. Other liabilities are accounted for in the year in which the same are determined.
8. **Revenue Recognition**  
Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.  
Sale of Goods: Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sales returns and sales tax.  
Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.  
Dividend: Revenue is recognised when the right to receive is established.
9. Expenses are recognised on accrual basis.
10. Transactions involving foreign exchange are translated into Rupee on the basis of prevailing exchange rates on the date of transaction. Impact of difference in exchange rate is accounted for in the year in which the transactions are finally determined.
11. Occurrences of events after the Balance Sheet date and having material effect on the revenue statements of the year under review are 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, 2014.**

NOTE - 19

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

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

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

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

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

In the meanwhile, BSEB levied AMG/MMG/DPS of Rs. 27.10 crores in the Company's energy bill for the past period besides levying DPS of Rs. 15.72 crores on the said dues of Rs. 27.10 crores. The Company, challenging these two levies, filed an Inter-locutory Application (IA) in the earlier writ petition in the Hon'ble Patna High Court as these levies were contrary to the decision of the State government as well as the Revival scheme sanctioned by BIFR. The Hon'ble Patna High Court has now disposed of the case vide its order and judgement dated 12.8.2013 wherein the Court has pronounced the following orders:-

1. The AMG/MMG/DPS of Rs. 27.10 crores and the interest thereon are not leviable against the company.

2. In case of levy of DPS of Rs. 6.27 crores on the reconciled dues of Rs. 13.65 crores, a Committee has been constituted by the Hon'ble Patna High Court, comprising the Industrial Development Commissioner as Chairman and Secretary, Energy as well as the Chairman, BSEB as its members, to examine the facts related to the stand taken by BSEB and the Company before BIFR with regard to levy of DPS of Rs. 6.27 crores. The committee however, is yet to meet and decide the matter.

On the basis of the documents, evidences and the stand taken by BSEB before the State Level Empowered (APEX) Committee as well as BIFR, the company is confident that it will not be liable to pay the DPS of Rs. 6.27 crs. as this levy was not correct and was contrary to the approval of the State Govt. and the BIFR and therefore the same continues to be treated as contingent liability.

- 1.3 The company had entered into a Fuel Supply Agreement (FSA) with Central Coalfields Ltd. (CCL), a subsidiary of Coal India Ltd. (CIL) for supply of coal to meet its requirement under a Long Term Coal Linkage issued by the Govt. of India, Ministry of Energy, Deptt. of Coal. The first FSA was executed on 30.1.2004 which was valid for three years. The second FSA was executed on 25.4.2008 and the same was valid for five years which was to expire on 30.4.2013. Pursuant to the provisions of FSA, the company had furnished to CCL, a Security Deposit of Rs. 123.94 lacs by way of Bank Guarantee. The FSA provided for lifting of an Annual Contractual Quantity (ACQ) with a provision for review thereof on expiry of 3 years from the date of FSA. After substantial increase in pit head price of Coal effective from February, 2011 and in view of technical aspects of the Plant's operation, the company on expiry of three years from the date of FSA requested CCL for review of ACQ which request was followed up subsequently by the Company at the highest level.

The ACQ however, was not reviewed despite explicit provision to that effect in the FSA and CCL unilaterally terminated the same on 30.4.2013 on the ground of lifting of coal quantity which was lower than the ACQ. CCL also levied damage of Rs. 4.96 crores for not lifting the coal as per ACQ even though such damage was not leviable as the ACQ was liable to be reviewed and CCL did not review the same. They subsequently forfeited the security deposit by invoking the Bank Guarantee of Rs. 123.94 Lacs

The Company has filed a writ petition in the Hon'ble Jharkhand High Court against the unilateral and arbitrary action of CCL and considering its strong position, the company is hopeful of refund of the security amount by CCL and accordingly, the amount forfeited by them has not been considered as expenditure. The Company is confident of waiver of the damages also and this is why the same has not been acknowledged as liability.

- 1.4 Unexecuted Capital Commitments :** Estimated amount of Contracts remaining to be executed on Capital Account and not provided for amount to Rs. 26.70 Lacs (Previous Year Rs. 26.53 Lacs ).

- 1.5 Cumulative Dividend on Preference Shares :** On approval of the scheme of compromise by the Hon'ble Calcutta High Court, the Preference share capital was reduced by 85%. The Preference shares, after reduction of the share capital have face value of Rs. 15/- each. The said Preference shares carry a coupon rate of 0.1%. The cumulative dividend on such shares with effect from the date of approval of the scheme of compromise i.e. 21st November, 2006 till 31st March '14 amounted to Rs. 4.87 lacs.

#### **Guarantees**

- 1.6 Counter-guarantees given by the Company :** Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs.11.60 Lacs (Previous Year Rs.135.34 Lacs ).

- 2.0 As per the Rehabilitation Scheme sanctioned by BIFR, the deferred sales tax dues amounting to Rs. 700.16 lacs have been rescheduled to be paid during 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.

Due to unsatisfactory performance during 2011-12 caused by downturn in cement industry, the company suffered financial loss and as a result, the statutory dues accumulated. In order to clear the statutory dues, the company has, with the approval of BIFR sold its surplus land at Dehri-on-Sone and the dues pertaining to the Central Excise Duty have been cleared. The Scheme was also modified for Sale of surplus Land as well as issue of Equity Shares on Rights basis. The Modified Scheme was sanctioned by BIFR vide order dated 5.03.2013.

#### 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 (Unfortunate demise on 11.04.2014)**
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 (Since died)
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.	Earlier treated as Strategic Investor under the Scheme of Compromise approved by the Hon'ble Calcutta High Court, having significant voting power (48%) of the Company. Now pursuant to the direction of SEBI vide their letter dated 30.10.2013, M/s Vivid Colors Pvt. Ltd. have been treated as Promoter.

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	31.03.14	31.03.13
Mr. Satyadeva Prakash Sinha**	Key Management Personnel	Remuneration	59.59	58.58	4.72	4.72
Mr. Shailendra Prakash Sinha	Key Management Personnel	Remuneration	61.05	60.03	4.90	4.90
Mr. Anant Prakash Sinha	Key Management Personnel	Remuneration	55.41	54.57	4.56	4.56
Mr. Siddharth Prakash Sinha	Key Management Personnel	Remuneration	47.46	47.04	3.70	3.70
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 & Promoter. Refer Note 6.0 A	Interest on Priority Debts	54.56	57.50	650.00	475.00
Vivid Colors Pvt. Ltd.	Strategic Investor & Promoter. Refer Note 6.0 A	Non-Convertible Debentures	0.00	897.00	7945.85	7945.85

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

	2013-14		2012-13	
	Long Term	Short Term	Long Term	Short Term
1. Security Deposits with BSEB, Railway & Govt. Agencies	536.79		325.65	
2. Capital Advance	0.00		3.79	
3. Advances to BSEB & RPF, Patna	291.96		350.22	
4. Advance for Supply, Services & Others	1378.75	348.09		164.71
5. Advance to Employee & Others		22.98		19.57
7. Excise Duty Advance		826.61		1048.56
8. Advance Tax (Refunds / adjustment)		205.51		205.00
9. Total	2207.50	1403.19	679.66	1437.84

10.0 The Actuarial Valuation of Gratuity and Leave wages has been made as on 31.03.2014. The requisite disclosure under AS15 is given as under.

The principal assumptions used in actuarial valuation are as below

- Discount rate	9.00%
- 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 01.04.2013	1491.59	324.35
- Interest cost	134.24	29.19
- Current service cost	69.42	6.02
- Benefits paid	(58.49)	(29.88)
- Actuarial loss/ (Gain ) on obligations	(108.99)	(1.77)
- Present value of obligations as at 31.03.2014	<u>1527.77</u>	<u>327.91</u>
Change in fair value of plan assets	Not Applicable	Not Applicable
Liability recognized in Balance Sheet		
- Present value of obligations as at 31.03.2014	1527.77	327.91
- Fair value of plan assets as at the end of the year	-	-
- Funded status ( Deficit )	1527.77	327.91
- Unrecognised Actuarial (Gain ) / Loss	-	-
- Net ( Liability ) recognized in Balance Sheet	<u>1527.77</u>	<u>327.91</u>
Classified as Long Term Provision	1367.41	287.11
Classified as Short Term Provision	160.36	40.80

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	:	30st September,2013
iii) Actual date of submission of the Cost Audit Report	:	26th September, 2013

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 31.3.2014.

24, Netaji Subhas Road  
Kolkata-700 001  
Camp : Patna  
Date : 23 May, 2014

**M. MUKERJEE & CO.**  
Spandan Sengupta  
Partner  
**CHARTERED ACCOUNTANTS**  
MEMBERSHIP NO. 135833  
FRN. 303013E

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

**Shailendra P. Sinha**  
**MANAGING DIRECTOR**

**Dr. K. C. Varhney**  
**DIRECTOR**

**B.C. Srivastava**  
**DIRECTOR**

## KALYANPUR CEMENTS LIMITED

### NOTES ON PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

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 Revival 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 accounts for / 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.

The company received Rs. 21.87 Crs. towards Vat reimbursement during the financial year 2013-14. As per BIFR approved scheme, sales tax exemption related dues of Rs. 9.48 Crs. was to be paid by the company to the Commercial Taxes Deptt. Since only Rs. 71 Lacs could be paid to the State Government on account of Sales Tax exemption related dues, Rs. 8.77 Crs. out of the total VAT reimbursement amount received has been treated in the books as liability and the balance amount of Rs. 12.39 Crs. (Rs. 21.87 Crs. - Rs. 9.48 Crs.) has been considered under "other income" in the P & L Statement.

#### 4.0 Capacities, Production, Sales and Stocks :

	2013 - 14		2012 - 13	
	Lac Tons	Rs. Lacs	Lac Tons	Rs. Lacs
Installed Capacity, Production, Sales & Stocks : Class of Goods - Cement				
i) Installed Capacity	10.00		10.00	
ii) Production	6.39		7.38	
iii) Sales				
a) Cement	6.45	26423.62	7.33	30190.82
b) Clinker	.00	0.00	.00	0.00
iv) Stocks :				
Opening	0.10	412.57	0.05	173.09
Closing	0.03	114.72	0.10	412.57

**5.0 Raw materials consumed - Totally Indigenous :**

	2013 - 14		2012 - 13	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
i) Limestone	6.10	2487.43*	6.71	2238.41*
ii) Gypsum	.20	800.77	.26	957.07
iii) Iron Ore	.21	498.07	.31	686.40
iv) Fly Ash	1.81	2154.49	2.07	2650.91
v) Pozzolana	0.00	0.00	.00	0.07
vi) Limestone Purchase	.03	49.40	.01	14.78
vii) Carbon Black		0.00		0.23

\* 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	0.69	114.63
--------------------------	------	--------

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

2.72                      4.62

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

i) Indigenous (Rs. in Lacs) % of Total Consumption		4079.72 99.5%		4773.69 99%
ii) Imported (Rs. in Lacs) % of Total Consumption		19.55 0.5%		40.00 .1%
iii) Total (Rs. in Lacs) % of Total Consumption		4099.27 100%		4813.69 100%

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

	2013-14	2012-13
i) Export of goods valued on FOB basis	0.00	0.00
ii) Royalty, knowhow, Professional & Consultation fees	0.00	0.00
iii) Interest & Dividend	0.00	0.00
iv) Other Income	0.00	0.00

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

8.0 Remuneration of Directors

	2013-14 Rs. Lacs	2012-13 Rs. Lacs
i) Salary	101.40	99.60
ii) Other Allowances and benefits	66.74	65.80
iii) Company's Contribution to PF	7.92	7.77
Sub-Total (As per Note-15)	176.06	173.17
iv) Director's fees (As per Note-17)	1.25	1.70
v) Total	177.31	174.87

Three Managerial Personnel i.e. (i) a wholetime director designated as Executive Chairman, (ii) Managing Director and (iii) Joint Managing Director were re-appointed by the Board of Directors for a period of three years each w.e.f. 23.2.2013. The re-appointment and remuneration payable to the Executive Directors for three years i.e. 23.2.2013 to 22.2.2016 have been approved by the Central Government. However, unfortunately Shri Satyadeva Prakash Sinha, a wholetime Director designated as Executive Chairman passed away on 11th April, 2014 and now the Company has only two executive directors at the position of Managing Director and Joint Managing Director.

- 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 based on its judgment, has made provision for interest on dues over 45 days as required under the said Act.
- 10.0 Pursuant to BIFR's approval and the Modified Revival Scheme sanctioned by BIFR in March, 2013, the Company has sold its surplus land situated at Dehri-on-son in Rohtas district of Bihar. The land was sold by plotting the same and while "agreements to sell" have been executed for entire land, the Deeds of absolute sale have been executed only for a part of the total land. The sale of land has been accounted for on the basis of Sale Deeds registered on or before 31.3.2014. The Sale of balance land will be accounted for after execution of remaining Sale deeds.
- 11.0 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 31.03.2014.

24, Netaji Subhas Road  
Kolkata-700 001  
Camp : Patna  
Date : 23 May, 2014

**M. MUKERJEE & CO.**  
Spandan Sengupta  
Partner  
**CHARTERED ACCOUNTANTS**  
MEMBERSHIP NO. 135833  
FRN. 303013E

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

Shailendra P. Sinha  
**MANAGING DIRECTOR**

Dr. K. C. Varhney  
**DIRECTOR**

B.C. Srivastava  
**DIRECTOR**



**KALYANPUR CEMENTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lacs

<b>Particulars</b>	<b>2013-14 Apr'13-Mar'14 Audited</b>	<b>2012-13 Apr'12-Mar'13 Audited</b>
<b>Cashflow from Operating Activities</b>		
<b>Net Profit/(Loss) before Taxation</b>	<b>(3,119.28)</b>	<b>(3,533.17)</b>
Adjustment for:		
Interest & Other Financial Charges Provided	1,808.92	1,582.59
Depreciation and Amortisation	768.34	993.42
Extraordinary Items	0.00	0.00
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>(542.02)</b>	<b>(957.16)</b>
(In)/Decrease in Receivables	218.18	(130.42)
(In)/Decrease in Inventories	639.32	142.13
(In)/Decrease in Loans & Advances	(448.82)	(1,020.38)
In/(De)crease in Current Liabilities	3,392.93	6,649.52
Cash generated from Operating Activities	3,801.61	5,640.86
<b>Cashflow from Investing Activities</b>		
(In)/Decrease in Fixed Assets incl. Capital WIP	9.38	(162.82)
Cashflow from Investing Activities	9.38	(162.82)
<b>Cashflow from Financing Activities</b>		
In/(De)crease in Share Capital	0.00	0.00
(In)/Decrease in Non-Current Assets	(1,527.84)	(18.77)
In/(De)crease in Non-Current Liabilities	(46.53)	(1,358.97)
(In)/Decrease in Investments	(0.00)	0.00
Repayment of Debts	(36.00)	(1,563.21)
Interest & Other Financial Charges Paid	(1,808.92)	(1,582.59)
Net Cashflow from Financing Activities	(3,419.29)	(4,523.54)
Net In/(De)crease in Cash or Cash equivalent	(150.32)	(2.66)
<b>Cash &amp; Bank Balance</b>		
At the beginning of the period	388.71	391.37
At the end of the period	238.39	388.71
<b>Cash &amp; Bank Balance comprise of :</b>		
Cash on hand	27.03	37.18
Cheques on hand	50.86	43.89
Balance with Banks	160.50	307.64
<b>Total</b>	<b>238.39</b>	<b>388.71</b>

Notes :

- 1 The above Cashflow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3, notified under the Companies (Accounting Standards) Rules, 2006.
- 2 Figures of the previous year have been regrouped/reclassified/restated, wherever considered necessary.

**Shailendra P.Sinha**  
**MANAGING DIRECTOR**

**Dr.K.C.Vashney**  
**DIRECTOR**

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

**B.C.Srivastava**  
**DIRECTOR**

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**Auditor's Certificate**

We have examined the above cash flow statement with the Balance Sheet and Profit & Loss Statement for the years ended on 31st March 2014 and 31st March 2013 and report that the same has been prepared by the company in accordance with the requirements of Accounting Standard 3 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 23rd May,2014.

**24,Netaji Subhas Road**  
**Kolkata - 700 001**  
**Camp: Patna**  
**Date: 23 May 2014**

**M.MUKERJEE & CO.**

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

**KALYANPUR CEMENTS LIMITED****REGISTERED OFFICE**

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 74th Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 2 & 3 Dr.Rejendra Prasad Sarani, Kolkata -700 001 on Thursday, the 11thSeptember, 2014 at 1130 a.m. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mahendra Lodha, who retires by rotation and is eligible for re-appointment.
3. **Appointment of Auditors**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
"**Resolved that** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time M/s. M. Mukerjee & Co., Chartered Accountants (Firm Registration No. 303013 E) be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration and terms & conditions as may be mutually agreed to between the Board of Directors of the Company and the Auditors.

**SPECIAL BUSINESS :**

4. **Appointment of Shri Ravindra Prasad as a director of the Company**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
"**Resolved that** Shri Ravindra Prasad who was appointed as an Additional Director with effect from 13th February, 2014 in the meeting of the Board of Directors of the Company held on that date and who holds office as such an Additional Director till the date of this Annual General Meeting of the Company and in respect of whose appointment the notice under section 160 of the Companies Act, 2013 has been received from a Member signifying his intention to propose Shri Ravindra Prasad as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company and the period of his office is liable to determination by retirement of directors by rotation.
5. **Appointment of Dr. K.C. Varshney as an independent director of the company**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
"**Resolved that** pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act as amended from time to time, Dr. K.C. Varshney, (DIN 00012180) Non-Executive Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the company for a period of three years with effect from the date of this meeting.

**6. Appointment of Shri B.C. Srivastava as an independent director of the company**

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution.

**"Resolved that** pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules framed thereunder, read with Schedule IV of the Act as amended from time to time Shri B.C. Srivastava, (DIN 00929674) a Non-Executive Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) and who is eligible for appointment be and is hereby appointed as an Independent Director of the company for a period of three years with effect from the date of this meeting.

**7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

**Resolved that** the consent of the members of the company be and is hereby accorded to the payment of Rs. 35,000/- as remuneration, as recommended by the Board of Directors, to the Cost Auditors, M/s. Mitra Bose & Associates, Cost Auditors for auditing the cost records of the company for the financial year 2014-15.

**Resolved further that** the Cost Auditors also be reimbursed the expenses on actual basis as incurred by them in relation to conduct of the cost audit.

**8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

**"Resolved that** in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 27.9.1991 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, as may be amended from time to time (" the Act"), consent of the members of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 300crore."

**Resolved further** that the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things and to execute, all such documents, instruments and writings as may be required to give effect to this resolution."

Place : Kolkata

Date : 6th August, 2014

By Order of the Board  
For Kalyanpur Cements Limited

P.K. Chaubey  
Chief Financial Officer &  
Company Secretary

**Notes :**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 4 to 8 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 2 and Item Nos. 4 to 6 of the Notice, are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Transfer Books of the Company will be closed from 4th September, 2014 to 11th September, 2014, both days inclusive.
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their address, name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically updated in the records of the Registrar and Transfer Agents (RTAs) which will help the Company and the Company's RTAs LinkIntime India (P) Ltd., 59C Chowringee Road, 3rd Floor, Kolkata- 700 020 provide efficient and better services. Members holding shares in physical form are also requested to intimate such changes to the RTAs. Alternatively, they may intimate such changes to the company at its registered office at 2 &3, Dr.Rejendra Prasad Sarani, Kolkata - 700 001.
5. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by CDSL.
6. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the company or RTAs at their above mentioned addresses. The Registrar and Transfer Agent of the Company M/s. Link Intime India (P) Ltd., 59C, Chowringhee Road, 3rd Floor, Kolkata - 700 020, is handling registry work in respect of shares held both in physical form and in electronic/ demat form.
7. Members holding shares in physical form in multiple folios are requested to send to the company or the RTAs, the details of such folios together with the share certificates for consolidating their holding in one folio. Such Members will be provided with consolidated share certificate in lieu of their holdings in all the folios.
8. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

9. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
10. Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report notice for attending the meeting.
11. To support the 'Green Initiative' of the Ministry of Corporate Affairs, the Members who have not registered their e-mail addresses are requested to register the same with the RTAs/ the company.
12. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this notice.
13. The results shall be declared at the AGM of the Company. The results declared alongwith the scrutinizer's report shall be placed on the Company's website [www.kalyanpur.com](http://www.kalyanpur.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the company are listed.

#### **14. The instructions for Voting**

##### **14.1 The instructions for shareholders voting electronically are as under:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company hereby provides members the facility to exercise their right to vote at the 74th Annual General Meeting (AGM) by Electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Ltd. (CDSL). The following are the instructions for e-voting purpose.

- (i) The voting period begins on 4th September, 2014 at 9.00 am and ends on 6th September, 2014 at 6.00 pm. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date ie 8th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the Electronic Voting Sequence Number (EVSN) 140806006  
"along with Kalyanpur Cements Limited from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
  - a. For CDSL : 16 DIGITS BENEFICIARY ID,
  - b. For NSDL: NSDL has not provided connectivity to the Company.
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below.

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Shareholder's Folio Number (in case of shareholders holding physical shares) in the PAN field.</li> <li>In case the Shareholder's Folio Number is less than 8 digits enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Shareholder'sFolioNumber 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank details as recorded in your Demat Account or in the Company records for the said Demat Account or Folio.

- (ix) After entering these details appropriately, click on "SUBMIT" TAB.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 140806006 for Kalyanpur Cements Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non-Individual Shareholders & Custodians :
  - o Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporate or Custodians.
  - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - o After receiving the login details, a compliance user should be created using admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
  - o A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### 14.2 Instructions for Voting through Ballot Form

The Shareholders who are not able to vote electronically may vote through the Ballot Form enclosed herewith. The detailed instructions for voting through Ballot Form are provided in the Ballot Form enclosed with this notice. The shareholders may refer to the same and exercise their vote.

Place : Kolkata  
Date : 6th August, 2014

By Order of the Board  
For Kalyanpur Cements Limited

P.K. Chaubey  
Chief Financial Officer &  
Company Secretary



## **EXPLANATORY STATEMENT**

**(Pursuant to section 102 of the Companies Act, 2013)**

As required by section 102 of the Companies Act, 2013 (Act), the following Explanatory Statement provides the material facts concerning each item of the business mentioned at item Nos. 4 to 8. The profile of Shri MahendraLodha, who is proposed to be reappointed (Item No. 2 of this Notice) in this meeting, is provided below in terms of the requirement of clause 49 of the Listing Agreement.

### **Item No. 2**

#### **Reappointment of Shri MahendraLodha as a Director of the Company**

Shri MahendraLodha, born in August, 1956 is a practicing Chartered Accountant based at Ahmedabad. He was appointed on the Board with effect from 23rd February, 2007. He has rich experience and expertise in financial sector like Project Financing etc. He is also a renowned consultant and provides consultancy in various areas in corporate and financial field. Shri Lodha is on the Board of several companies namely Amul Exim Ltd., Tulip Star Hotels Ltd., Rama Petrochemicals Ltd., Rainbow Denim Ltd., Parixit Industries Ltd., Steelco Gujarat Ltd. and Nitrex Chemicals India Ltd. Besides being on the Board of various companies, Shri Lodha is also associated as Member / Chairman of committees of the Board of those companies. He does not hold any share in the company. He is not related with any director of the company. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

### **Item No. 4**

#### **Appointment of Shri Ravindra Prasad as a director of the Company**

Shri Ravindra Prasad, Director Technical Development, Deptt. of Industries, Government of Bihar was nominated by the State Government as its nominee on the Board of Directors of the company in place of the earlier nominee, Shri Ashok Kumar Mallick. Shri Ravindra Prasad was appointed by the Board in its meeting held on 13th February 2014 as an Additional Director pursuant to the provisions of section 161 of the Companies Act, 2013. Shri Prasad, who holds the position of Director Technical Development in the Industry Department of the Government of Bihar is an Officer of the Indian Telecommunication Services (ITS) and is a Bachelor of Engineering (Electronics) and MBA. He was earlier working as Director (Department of Telecommunication), Government of India, New Delhi. He does not hold directorship in any other company nor he holds any share in the Share Capital of the Company. He is also not related with any director of the company. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

Pursuant to the provisions of section 161 of the Companies Act, 2013, he would hold office upto the date of this Annual General Meeting and the Board has recommended to the shareholders to consider his appointment as a director of the company. The company has already received a notice from a shareholder who has proposed the candidature of Shri Ravindra Prasad for directorship.

### **Item Nos. 5 & 6**

#### **Appointment of Dr. K.C. Varshney and Shri B.C. Srivastava as Independent Directors of the Company**

The Company earlier had, pursuant to the provisions of clause 49 of the listing agreement with the Stock Exchanges, appointed Dr. K.C. Varshney and Mr. B.C. Srivastava as Independent Directors at various times in compliance with the requirement of the said clause of the listing agreement. Pursuant to the provisions of section 149 of the Companies Act, 2013, every listed company shall have at least 1/3rd of the total number of directors as Independent Directors and

accordingly since the company's present strength is six, the company is required to appoint two Independent Directors under the provisions of the Companies Act 2013. The Independent Directors are also not liable to retire by Rotation.

The Board has considered the appointment of Dr. K.C. Varshney and Shri B.C. Srivastava who have already been functioning as Independent Directors under clause 49 of the Listing Agreement with Stock Exchanges. The decision of the Board to appoint above directors as Independent Directors pursuant to the provisions of section 149 of the Companies Act, 2013 is independent of the Company Management and is guided by the principle that the Board comprises such Members who have adequate skill, experience and knowledge. Considering the educational qualifications, background and experience of the above mentioned Directors given herein below, the board is of the opinion that the above named two Directors proposed to be appointed as Independent Directors to fulfil the obligations specified in the Act and the Rules made thereunder are competent and meet the criteria u/s 149 (6) of the Act. They also do not have any pecuniary relationship with the company. The terms and conditions of the appointment of the above directors are comprised in the letter for such appointment and the same shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day. The details of these directors are provided as under:

**1. Dr. K.C. Varshney**

Dr. K.C. Varshney, born on 15th September, 1938 is a Chemical Engineer and a Doctorate in Chemical Engineering. He has served Industrial Development Bank of India (IDBI) at various positions and has a long experience in development finance. He retired as Executive Director, IDBI.

He holds directorship in (i) CheemaSpintex Ltd. and (ii) Jasch Industries Ltd. besides serving on the committees of the Board of Directors of Jasch Industries Ltd. and the company. He does not hold any share in the company. He is not related with any director of the company. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

**2. Shri B.C. Srivastava**

Shri B.C. Srivastava, born in August, 1945 is a Metallurgical Engineer. He worked in various capacities in Steel Authority of India Ltd., Rourkela Steel Plant. He also worked as Sr. Consulting Engineer / Technical Director in a reputed consulting company, M/s. M.N. Dastur & Co. Ltd., Kolkata posted in Libya. Mr. Srivastava worked as Managing Director, BITCO, Patna and Executive Director, MSL India Ltd. Presently he is an Industrial and Management Consultant. He is on the Board of M/s. Jenson & Nicholson (India) Ltd. in the capacity of the Managing Director and M/s Eclat Industries Ltd. as a director besides being on the Board and the committees of the Board of Directors of the company. He does not hold any share in the Share Capital of the Company. He is not related with any director of the company. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

**Item No. 7**

**Approval of Remuneration payable to the Cost Auditors**

Section 148 of the Companies Act, 2013 provides for audit of cost records of a class of companies by Cost Accountants to be appointed by the Board of Directors on such remuneration as may be determined by the members in such manner as may be prescribed.

The cost records of cement companies are required to be audited and accordingly, the Board of Directors appointed M/s Mitra, Bose and Associates, the Cost Accountants as Cost Auditors for auditing the cost records of the company for the Financial Year 2014-15 at a remuneration of Rs. 35,000/- besides reimbursement of expenses on actual basis. The members may consider approving the remuneration, payable to the Cost Auditors, as recommended by the Board or such remuneration as may be determined by the members of the company in terms of the provisions of section 148 of the Companies Act, 2013. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

**Item No. 8**

**Enhancement in Borrowing Powers**

Section 293 (1)(d) of the Companies Act, 1956 provided that the Board of Directors could resort to borrowings exceeding the aggregate of paid up share capital and free-reserves only with consent of the Company in General Meeting. The company accorded approval to the Board of Directors in its Extra Ordinary General Meeting held on 27th September 1991 for borrowing uptoRs. 200 Crs. The members approval is being sought for enhancement in borrowing power uptoRs. 300 crs. None of the directors or the Key Managerial Personnel or their relatives have any interest, financial or otherwise, in this resolution.

The Central Government vide its General Circular No. 4/2014 dated 25.3.2014 has clarified that the approval under section 293 of the Companies Act obtained before 12th September 2013, will be valid for a period of one year from the date, the provisions of section 180 of the Companies Act 2013 were notified. Therefore this approval is required to be taken in terms of the clarification issued by the Central Govt. vide General Circular No. 4/2014 dated 25.3.2014.

Place : Kolkata  
Date : 6th August, 2014

By Order of the Board  
For Kalyanpur Cements Limited

P.K. Chaubey  
Chief Financial Officer &  
Company Secretary

**FORM NO. MGT-11  
PROXY FORM- AGM 2014**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014

CIN: L26942WB1937PLC009086

**KALYANPUR CEMENTS LIMITED**

Regd. Office: 2&3, Dr. Rajendra Prasad Sarani, Kolkata-700001  
Email : [admin@kalyanpur.com](mailto:admin@kalyanpur.com) : website:www.kalyanpur.com  
Phone: 033-22302977, 22306470, Fax: 22301909,

Name of the member(s):  Registered Address:  E-mail Id: Folio No./Client Id:  DPID:	
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I/We, being the member(s) of .....shares of the above named Company, hereby appoint

- (1) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature:..... or falling him;
- (2) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature:..... or falling him;
- (3) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature:..... or falling him;

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 74th Annual General Meeting of the Company, to be held on Thursday, the 11th September, 2014 at 11.30 A.M. at 2&3, Dr. Rajendra Prasad Sarani, Kolkata-700001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional( ? )	
		For	Against
	Ordinary Business		
1	Adoption of Financial Statements and Reports of the Board of Directors and Auditors thereon for the year ended 31st March, 2014		
2	Re-appointment of Mr. MahendraLodha, who retires by rotation and is eligible for re-appointment		
3	Re-appointment of M/s. M. Mukerjee & Company, Chartered Accountants as the Statutory Auditors of the Company		
	Special Business		
4	Appointment of Mr. Ravindra Prasad as a Director		
5	Appointment of Dr. K.C. Varshney as an Independent Director		
6	Appointment of Mr B.C. Srivastava as an Independent Director		
7	Approval of remuneration payable to M/s. Mitra, Bose & Associates, Cost Auditors of the Company		
8	Approval for enhancement in borrowing limit of the Company under Section 180(1)(c) of the Companies Act, 2013		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the company, not less than 48 hours before the commencement of the Meeting.

**ATTENDANCE SLIP**

## AGM 2014

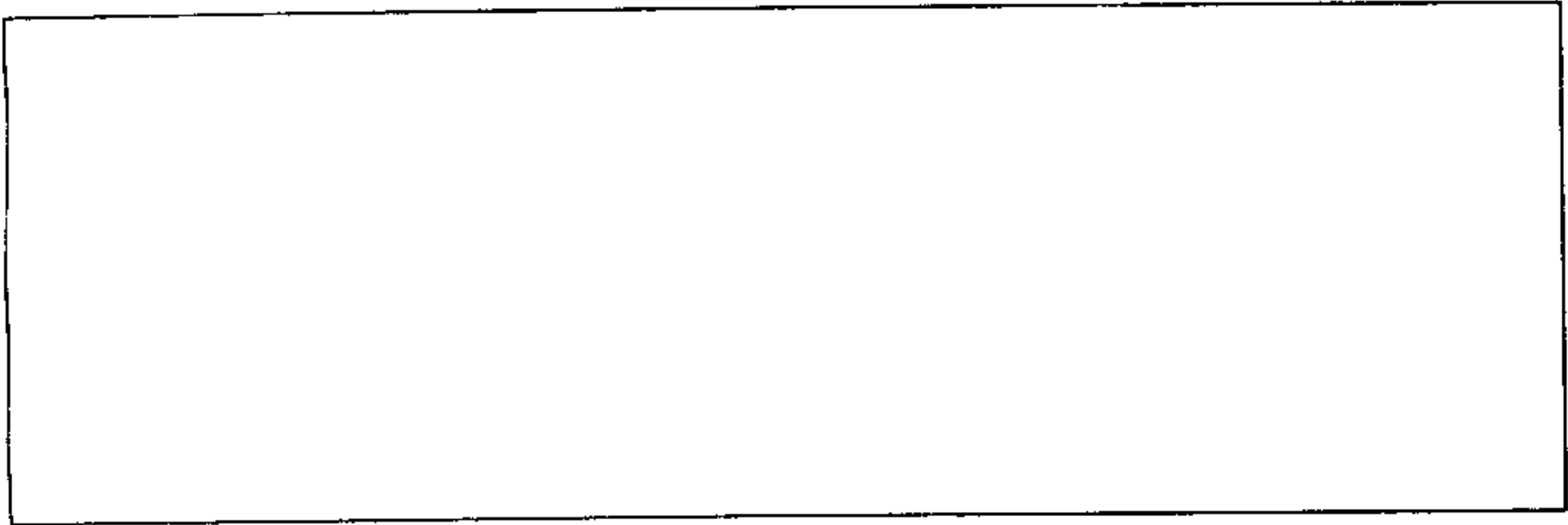
CIN: L26942WB1937PLC009086

### KALYANPUR CEMENTS LIMITED

Regd. Office: 2&3, Dr. Rajendra Prasad Sarani, Kolkata-700001

Email: [admin@kalyanpur.com](mailto:admin@kalyanpur.com) : website: [www.kalyanpur.com](http://www.kalyanpur.com)

Phone: 033-22302977, 22306470, Fax: 22301909,



I hereby record my presence at the Seventy Fourth Annual General Meeting of the Members of KALYANPUR CEMENTS LIMITED held on Thursday, the 11th September, 2014 at 11.30 A.M. at 2&3, Dr. Rajendra Prasad Sarani, Kolkata-700001

- Notes :
1. Members / Proxy holders are requested to bring this slip with them when they come to the Meeting and hand it over at the entrance of the Meeting Hall duly signed.
  2. Please bring your copy of the Annual Report at the Meeting.
  3. Please refer to the attached AGM Notice for the instructions on E-Voting
  4. E-Voting facility is available during the following Voting period:

Commencement of E-Voting	End of E-Voting
4th September, 2014 from 9.00 am	6th September, 2014 till 6.00 pm

# BOOK POST

*If undelivered, please return to :-*

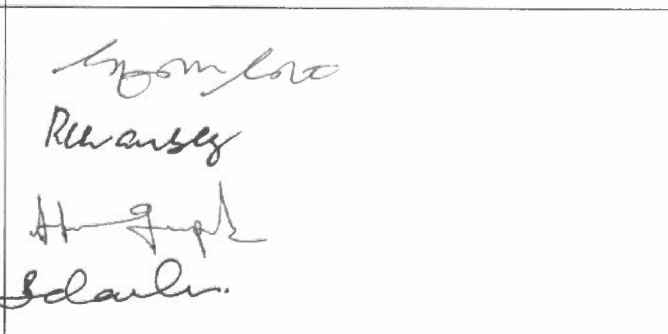
**KALYANPUR CEMENTS LIMITED**  
2 & 3, DR. RAJENDRA PRASAD SARANI  
P.O. BOX NO. 2236  
KOLKATA-700 001

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1	Name of the Company	<p>KALYANPUR CEMENTS LIMITED                  Regd. Office: 2 &amp; 3, Dr. Rajendra Prasad Sarani                  Kolkata – 700 001</p> <p>Address for                  Correspondence: Maurya Centre,                  1, Fraser Road,                  Patna – 800 001</p> <p>Scrip Code : 502150</p>
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of observation	<p>Un-qualified / matters of Emphasis</p> <p>(i) The Auditors have referred to the disclosure made by the company with regard to contingent liability in Note 19 to the Balance Sheet. This reference pertains to the claims of Bihar State Electricity Board (BSEB), which are disputed and are under various stages of adjudication.</p> <p>(ii) The auditors have referred to para 4 in Note 19 to the Balance Sheet wherein the company has made a statement of fact that the documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd.</p> <p>(iii) The Auditors have mentioned that though the accounts of the company have been drawn on going concern concept, in view of the accumulated losses of the company, its ability to continue as a going concern is dependent upon the company's performance after the scheme sanctioned by BIFR.</p> <p>All the above points are "statements of facts" and have therefore been treated as "matter of emphasis".</p>
4	Frequency of observation	<p>Whether appeared first time / repetitive / since how long period.</p> <p>The above observations i.e. the "matters of emphasis" are appearing in the Auditor's Report for last few years. In fact, the company has been</p>



		<p>declared a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act 1985 and the company is in the process of revival through the aegis of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR). BIFR has since sanctioned a Revival Scheme for the company which is under implementation.</p> <p>The point of emphasis at sl. (iii) in paragraph No. 3 above has emanated from the company's sickness and its unsatisfactory financial position which has been caused by its sickness. This point is being mentioned by the auditors year-after-year in their report and may continue to appear in future Audit Reports also till, as a result of the Revival Scheme sanctioned by BIFR, the company is fully revived and its net worth turns positive.</p> <p>The Auditor's remarks and the Management's replies have been provided in Annexure-1 to the Directors Report (page Nos. 5 &amp; 6 of the Annual Report for the Financial Year 2013-14). All the observations including the "statements of facts" and the "matters of emphasis" made by the auditors have been fully explained in the said Annexure-1 to the Directors Report.</p>
5	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	 <p>The right column of the second row contains four handwritten signatures, each corresponding to one of the roles listed in the left column. The signatures are written in black ink and are somewhat cursive.</p>