

ANNUAL REPORT 2015–2016

// KALYANPUR //

Cements Limited

Board of Directors

Dr. K. C. Varshney Non-Executive Chairman
(25.07.2014 to 22.05.2015 thereafter independent director)
Sri Shailendra P. Sinha, Managing Director
Sri Anant P. Sinha, Joint Managing Director
(Upto 31.12.2015 thereafter as Director)
Sri B. C. Srivastava
Sri Mahendra Lodha (Upto 28.05.2016)
Sri Ashok Kumar Dutta (w.e.f. 7.11.2015)
Sri Ravindra Prasad
Smt. Lata Ajay Srivastava

Auditors

M/s M. Mukerjee & Co.

Internal Auditors

M/s B. Gupta & Co.

Cost Auditors

M/s Mitra, Bose & Associates

Registered Office

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

Corporate Office

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

Factory

Banjari, Distt. Rohtas-821 303
Bihar

Audit Committee

Sri B. C. Srivastava, Chairman
Dr. K. C. Varshney, Member
Sri Mahendra Lodha, Member (Upto 28.05.2016)
Sri Ashok Kumar Dutta, Member (w.e.f. 28.05.2016)

Stakeholders' Relationship Committee

Sri Ravindra Prasad, Chairman
Sri B. C. Srivastava, Member
Sri Shailendra P. Sinha, Member

Nomination and Remuneration Committee

Sri B. C. Srivastava, Chairman
Dr. K. C. Varshney, Member
Smt. Lata Ajay Srivastava, Member

Senior Management

Sri Siddharth Prakash Sinha, Executive Director
Sri Aditya Prakash Agarwal, President (Manufacturing)
Sri Faisal Alam, President (Sales & Marketing)
Sri P. K. Chaubey, Chief Financial Officer & Co. Secretary

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST March, 2016

Your Directors submit herewith their report together with the Audited Accounts for the year ended 31st March, 2016. The following are the financial highlights in respect of the said Financial Year.

1.0 FINANCIAL RESULTS

Rs. in lacs

	Year ended 31.3.2016	Year ended 31.3.2015
Total Turnover including other income	15358.37	19685.83
1. Loss before interest, depreciation, tax and Other appropriations	5562.23	1787.88
2. Less:		
i) Finance Costs	1965.50	1195.77
ii) Depreciation	362.79	487.19
3. Net Loss	7890.52	3470.84
4. Loss carried to Balance Sheet	7890.52	3470.84

2.0 OVER VIEW & PRODUCTION

- (i) Cement Industry, in last 3-4 years, suffered due to slow down in infrastructure sector and low demand from housing sector due to unaffordable prices with little sign of moderation. The industry is also grappling with excess capacity and low capacity utilization. Cement prices remained flat in the above period and the weakness in demand has been so severe that cement companies were, at times, forced to cut dispatches to certain regions hit by low demand. The government has however in the recent past, taken steps for accelerating growth in infrastructure sector particularly roads, national high ways and ports and this is likely to improve the demand scenario. The economy of the country has performed better than the advanced economies as well as emerging market economies and it is growing at relatively high rate even though the average growth in the world economy has been low. The national GDP is expected to grow in the region of 7.4 % to 7.6% in the financial year 2015-16 as per the estimates made by International Monetary Fund (IMF) and various Rating Agencies. The overall growth in the economy will spur demand for cement which is one of the eight core industries.
- (ii) Most of the economic parameters required for macro level stability in the economy are favourable. Consumer price inflation is at reasonable level and the wholesale price inflation is in negative zone. RBI has cut the lending rates by 1.5% since January, 2015 with the present Repo rate at 6.5%. Now, it is expected

that the banking sector will pass on the reduction in lending rate for improvement in credit off-take. All this augur well for the economy of the country.

- (iii) Even though the economy has grown, this is yet to show a positive impact on significant demand revival and improved corporate earnings. Two consecutive deficient monsoons were big dampener for the industry as well as the overall economy. All this cumulatively resulted in a very subdued growth in cement industry which was in the range of 1-2% in the financial year 2015-16 against the expected rate of growth close to the GDP growth rate. However, now there seems to be some pickup in demand for cement as the Industry witnessed the production increasing by 11.9% in March 2016 on year - on - year basis. It is expected that with the emphasis on infrastructure sector and softening of real estate prices due to large unsold inventory, the demand will get a boost and the expected above normal monsoon is likely to provide a fillip to the demand from rural sector. Major infrastructure projects which are proposed to be taken up in future will require more than 45 Million tons of cement in next 3-4 years and this is likely not only to bridge the gap between demand and supply but also improve the prices which have remained static over last few years.
- (iv) As earlier reported, the company continued to confront another serious problem i.e. the shortage of limestone caused by non-renewal of a mining lease of the company by the Government of Bihar in December,

2013. While the cement production dropped by about 25% in the last financial year i.e. 2014-15 compared to the immediately preceding financial year, the year under report witnessed still bigger fall in production which was at 4.39 lac Tons in 2015-16 registering a further drop of about 10% in comparison to the level of 2014-15 and over 31% as compared to the year before. The company has approached the Hon'ble Patna High Court for appropriate relief in the matter and all efforts are being made to have the lease rights restored to the company through the legal process. In the meantime, the company has received Environmental Clearance from the Govt. of India, Ministry of Environment, Forest and Climate Change. The Central Government has also notified the Eco-Sensitive Zone around the Kaimur Wild Life Sanctuary and these two approvals are expected to expedite the process of renewal of the Murli Pahari Mining Lease by the Govt. of Bihar.

3.0 FINANCIALS

The fall in cement production from 4.8 lac tons in the FY 2014-15 to 4.39 lac tons in the Financial Year under report resulted in lower revenue realization and the Company's sales turn-over fell to Rs.143.86 Crores during the year from Rs.171.39 crores during the previous year i.e. 2014-15. Even though the industry witnessed some improvement in production led by uptrend in demand in the later part of the financial year, cement prices did not improve on expected lines. The cement realization of the company suffered still more due to its inability to extend credit to the distributors. The Company's Working Capital problem continued during the current financial year also in view of non-availability of bank finance or any external financial support. In addition, the substantial finance cost, most of it due to delay in payment of statutory dues, adversely affected the bottom line with company's negative EBIDTA at Rs.55.62 crores, whereas the net loss stood at Rs.78.91 crores after considering depreciation and finance cost.

4.0 REVIVAL OF THE COMPANY

Your company is confronted with various problems for last few years and is, at present, in the process of revival under the aegis of the Board for Industrial and Financial Reconstruction (BIFR) pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 on the basis of a Revival Scheme sanctioned by BIFR in October, 2011. Due to unfavourable environment created by the economic slow down in the last few years coupled with

Limestone problem, the company could not achieve the parameters envisaged in the Revival Scheme sanctioned by BIFR and your company therefore has approached BIFR again with a Modified Draft Revival Scheme (MDRS) for approval of certain additional reliefs and concessions including rescheduling of payment of dues. BIFR is yet to take a view on the modified scheme comprising therein the proposed changes seeking reliefs / rescheduling of dues. The revival process has been delayed as BIFR did not have a Bench for over 6 months due to vacancy in the position of Chairman and Member. On the direction of the Hon'ble Delhi High Court, some positions have been filled in and the bench has recently started functioning. It is expected that the MDRS will be circulated in due course.

5.0 MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis has been appended to the report as Annexure-1.

6.0 DETAILS PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013

As stipulated under section 134(3) of the Companies Act, 2013 the following details are provided hereunder:

- a) The extract of the Annual Return
The extract of the Annual Return in the Form MGT-9 has been placed at Annexure -2
- b) No. of meetings of the Board
The details of the number of meetings of the Board of Directors have been provided in Annexure -3 dealing with Corporate Governance.
- c) Director's responsibility Statement
The Directors' responsibility Statement has been provided at para-7.0 hereinafter.
- d) Declaration by independent Directors
The Independent Directors have given the requisite declaration to the Company under section 149 (7) of the Companies Act, 2013 affirming that they meet the criteria of independence as provided in sub-section(6) of section 149 of the Act.
- e) Company's Policy on Directors' appointment and Remuneration, etc.
 - i) The Nomination and Remuneration

Committee has framed a Policy on "Criteria for determining qualifications, positive attributes and independence" as well as a Policy on "Board diversity". The same have been provided in Paragraphs 9.2 and 9.3 hereinafter.

- ii) The Nomination and Remuneration Committee has already framed a Remuneration Policy and the same has been approved by the Board of Directors of the Company. The Remuneration Policy has been provided in paragraph 10.0 hereinafter.
- f) Explanations in respect of the comments in the Auditors Report as well as the Secretarial Audit Report
The explanations in respect of the comments in the Audit Report and the Secretarial Audit Report have been provided in Annexure – 4
- g) Particulars of loans, guarantees or investments
The company has not provided any loans, guarantees or made investments in any other company.
- h) Particulars of contracts or arrangements with related parties.
The company has entered into an employment contract on 7.11.2015 with a related party namely Shri Siddharth Prakash Sinha, the Executive Director who is related with the Managing Director. The necessary approvals for remuneration payable to him have been obtained. There were no other related party transactions made by the company with the Promoters, Directors and the Key Managerial Personnel during the year under report except those pertaining to remuneration. The details of related party transactions which pertained to the managerial remuneration are set out in Note 19 to the Balance Sheet.
- i) The State of the Company's Affairs
This has been provided at Paragraph Nos. 1.0 to 4.0 above.
- j) The amounts proposed to be transferred to reserves.
Since the Company has incurred loss, it does not propose to carry any amount to its reserves.
- k) Dividend.
The company, in view of the losses, does not propose to pay any dividend.

- l) Material changes and commitments affecting the financial position of the company

Non-Renewal of Murti Pahari Mining Lease by the Govt. of Bihar has adversely affected the operations and financial position of the company. No other significant event has occurred leading to any material change in the State of Affairs of the company and no commitments affecting the financial position of the company have been made during the period i.e. between end of financial year (31.3.2016) and the date of this report (28.5.2016)

- m) The Energy conservation, technology absorption, etc.

The statement in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo is placed at Annexure –5.

- n) Risk Management Policy

The company has evolved and implemented a risk management policy. The responsibility of the Risk Management has been entrusted to the Audit and Risk Committee. The Risk Management Policy framed by the company includes Identification of Risk and their mitigation through the Groups/ Committees appointed for this purpose.

- o) Corporate Social Responsibility

The Companies Act, 2013 requires a company to spend at least 2% of the average net profit earned during previous three financial years on various areas specified in schedule –VII to the Act. Since the company did not have profit in any of the three financial years, it is not obliged to spend in respect of the areas of corporate social responsibility as mandated by the Act. Nevertheless the company has, for long, been pursuing certain corporate social responsibilities out of its own philanthropic initiatives which are as under:

- i) Running a High School providing free co-education to about 650 students including the wards of local people (not connected with the company's employees).
- ii) Running a Women Degree College providing subsidized education to the Girls of nearby areas.
- iii) Providing emergency medical treatment to the people in the hospital owned and maintained by the company.
- iv) Organizing free camps for medical checkup and treatment from time to time.

- v) Providing free water to local farmers for irrigation purpose.
- p) Annual evaluation of performance of the Board
The Nomination and Remuneration Committee has framed the policy for evaluation of the performance of the Board, its committees and the Directors. The said Policy has also been approved by the Board of Directors of the company. The policy provides detailed guidelines for evaluation and the parameters on the basis whereof the evaluation is to be carried out in respect of the (i) Independent Directors (ii) Non-independent Directors (iii) Chairperson of the Board (iv) Entire Board and its Committees. This has been provided in paragraph 9.1 hereinafter. The evaluation has been made by the Directors of their performance on the said parameters as laid down in the Policy.
- q) Matters prescribed under the Companies (Accounts) Rules 2014.
- i) The Financial summary or highlights
This has been provided at paragraphs 1.0 to 4.0
- ii) The change in the nature of business, if any
There is no change in the nature of the business conducted by the company
- iii) Change in the directors or key managerial personnel during the year.
- a) Shri Shailendra Prakash Sinha was reappointed as Managing Director by the Board of Directors and the Shareholders for a period of 3 years w.e.f. 23rd February, 2016. An application has been made to the Central Government for approval which is awaited.
- b) Shri Anant Prakash Sinha stepped down from the position of the Joint Managing Director of the company w.e.f. 1.1.2016. He now continues on the Board of the Company as a Director.
- c) BIFR appointed Shri Ashok Kumar Dutta as a Special Director. He was co-opted by the Board w.e.f. 7.11.2015.
- iv) Changes in the subsidiaries, joint ventures or associate companies during the year.
The Company does not have any subsidy, joint venture or associate companies.
- v) Deposits
The company has not invited or accepted any deposit.

- vi) Significant Orders impacting the going concern status and company's operations in future.

No such order which will have the bearing on the going concern status of the company or its operations in future has been passed by any regulator, court or the tribunal.

- vii) Adequacy of internal financial controls

The Internal Control System of the company is an adequately structured system which is considered adequate to safeguard the business interests of the company as well as help and facilitate compliance with legal and statutory requirements. Since the objective of the internal control system is to ensure efficient use and protection of the company's resources & properties, correct reporting of the state of affairs of the company through the financial statements, the internal control system is periodically reviewed by the management which is subjected to extensive scrutiny by the Internal Auditors through their quarterly reviews and audits.

7.0 DIRECTORS' RESPONSIBILITY STATEMENT

- (a) The Directors confirm that in preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared the annual accounts on a going concern basis;
- (e) The directors have laid down internal financial controls which are adequate and are operating effectively;
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

8.0 CORPORATE GOVERNANCE

The Corporate Governance Code has been implemented by the Company and a separate section thereon is included in the Directors' Report as Annexure-3.

9.0 EVALUATION OF DIRECTORS, DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS

9.1 The Nomination and Remuneration Committee has formulated the criteria for evaluation of Directors, the Board and its Committees and the same has been approved by the Board of Directors also. The same are provided below:

- a) The criteria for evaluation of performance of independent directors.
- i) Attendance in the meetings of the Board as well as the Committees thereof.
 - ii) Effective participation in the meetings and providing timely inputs on the matters brought before the Board or the Committees.
 - iii) Adherence to and affirmation with ethical standards and the Code of Conduct of the company and timely disclosure of interest, if any, acquired subsequently and affirmation to the Board about the continued "independent status" as provided in section 149(6) of the Act.
 - iv) Raising of valid concerns to the Board and the Committees and constructive contribution to the resolution of issues at the meetings.
 - v) Inter-personal relation with other directors and management.
 - vi) Unbiased and objective evaluation of the Board performance.
 - vii) Understanding of the Company and the external environment in which it operates.
 - viii) Protecting the interest of whistle blower under vigil mechanism and safeguarding the confidential information of the company.
- b) The Criteria for evaluation of performance of the non independent directors / executive directors.

The parameters / criteria for evaluation of the performance of non independent and executive directors take into consideration the size of the company, nature of its business and state of uncertainty

in which the company operates and accordingly the following parameters will be applicable for evaluation of non independent and executive directors.

- i) Attendance in the meetings of the Board as well as the Committees thereof.
- ii) Effective participation in the meetings and providing timely inputs on the matters brought before the Board or the Committees.
- iii) Adherence to and affirmation with ethical standards and Code of Conduct of the company and timely disclosure of interest, if any, acquired subsequently.
- iv) Efforts for improvement in operations of the company for its long term revival.
- v) Efforts made for obtaining the government's approval / support in respect of various issues either under BIFR Scheme or otherwise.
- vi) Team work attributes and supervising and training of staff members.
- vii) Compliance with various laws, Capital Market Regulations, Corporate Governance practices, listing conditions and reporting of frauds etc. in time.
- viii) Protecting the interest of whistle blower under vigil mechanism and safeguarding the confidential information of the company.

The chairperson of the Board will be evaluated on the basis of the above criteria depending on whether he is an independent or a non-independent director.

- c) Criteria for evaluation of performance of the entire Board of directors and its Committees.
- i) Adequacy of composition of the Board of directors and the Committees in terms of (a) Board diversity (b) technical knowledge and skills (c) mix of independent & non independent directors and legal requirements.
 - ii) Holding statutorily required number of meetings of the Board and the committees thereof and ensuring that the meetings are held properly in adequate length of time providing sufficient time to the directors for deliberations in the meetings.
 - iii) Level of transparency in providing information to the Board and the Committees enabling proper understanding of the issues confronted by the company and ensuring the quality, adequacy

and timeliness of flow of information between the Company management and the Board as well as the Committees.

- iv) Adequate opportunity and encouragement to the directors for open communication, meaningful participation and timely resolution of the issues.
- v) Ensure that the Independent Directors meet the requirement of independence prescribed under section 149(6) of the Act.
- vi) Establishing an environment which facilitates effective disclosure, fiscal accountability and high ethical standard.
- vii) Ensuring that the company's internal control mechanism in respect of the operations and financial matters is effective and capable to avoid irregularities and frauds and that the financial statements of the company are credible to provide true and fair view of the state of affairs of the company.
- viii) Providing regular financial updates to the board.
- ix) Ensuring compliance with the provisions of Corporate Governance, insider trading, the conditions of the listing agreement and other Capital market regulations as applicable to the company.

The evaluation has been made in respect of the performance of various directors on four scales.

9.2 Determining qualifications, positive attributes and independence

- 1.0 The Nomination and Remuneration Committee is required to formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration for the directors, key managerial personnel and other employees. The Nomination & Remuneration Committee has formulated a Remuneration policy which has been approved by the Board of Directors of the Company. The Nomination and Remuneration Committee has also formulated the criteria for determining qualification, positive attributes and independence of a director for appointment on the board of directors of the company as under and the same has been approved by the Board and implemented.

1.1 Criteria for Qualification –

- a) The directors to be appointed on the Company's Board will have the minimum academic

qualification of Graduation.

- b) The wholetime directors shall be professionally qualified in the related fields.

1.2 Positive attributes –

- a) Academic and professional excellence in their respective fields.
- b) Communication skill.
- c) Stature in the Corporate or other relevant areas.

1.3 Independence.

The status of independence will be governed by the provisions of Section 149(6) of the Act.

9.3 The Policy on Board diversity

- 1.0 The Listing Conditions provide for devising a policy on Board diversity by the Nomination and Remuneration Committee. The Board diversity is required to have on the Board of directors of the company, the people from diverse background who could bring with them, the varied experience in different fields which enable the Board to provide effective guidance from different perspective adding value to the Company's operations, shareholders' worth and effective compliance as a good Corporate Citizen. Accordingly, the Nomination and Remuneration Committee has framed the following policy on Board diversity.

- i) The Board should comprise the independent and non independent directors as stipulated under the provisions of the Act and the listing Conditions.
- ii) The Board should comprise the adequate combination of Executive and Non Executive directors.
- iii) The directors should be experts in different fields like technology, economics, finance, accounting, legal and social work.
- iv) The Board members shall possess academic and technical skills in varied fields which will provide to the company the opportunity of receiving guidance from the experts in diverse areas which ultimately would accrue financial and other benefits to the company.
- v) There should be representation of women also on the Board to have gender diversity.

10.0 "REMUNERATION POLICY"

- 1.0 The Nomination and Remuneration Committee has

formulated a Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company which has also been approved by the Board of Directors. The Remuneration Policy, as approved is given below:

2.0 Section 178 (3) and Section 178 (4) of the Companies Act, 2013 provide as under:

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that –

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be disclosed in the Board's report".

In terms of the provisions of Section 178 (3) and Section 178 (4) of the Companies Act, 2013, the Nomination and Remuneration Committee has to recommend to the Board a policy relating to the remuneration payable to the directors, Key Managerial Personnel and other employees. Accordingly, the Nomination and Remuneration Committee has formulated the following Remuneration Policy for the directors, Key Managerial Personnel and other employees of the company.

3.0 Remuneration payable to Non Executive Directors.

3.1 Section 197 of the Companies Act, 2013 provide for payment of commission to Non Executive Directors limited to 1% of the Net Profit where the company has a Managing Director or a Wholetime Director and 3% where the company has no such managing or wholetime Director.

Since KCL does not have profit, no commission is paid to the Non Executive Directors and they are paid only the sitting fee under the provisions of the Companies Act, 2013 read with the Articles of Association of the Company.

3.2 Remuneration Policy in respect of Executive Directors and Key Managerial Personnel

The following factors / criteria would determine the remuneration payable to Executive Directors and the Key Managerial Personnel.

- (i) Educational, professional and technical qualification
- (ii) Experience of managing various fields in industry like administration, marketing, commercial, technical, finance etc.
- (iii) Salary structure presently in the industrial units of similar size.
- (iv) Complexity involved in managing the business of the company in view of various challenges like (i) financial constraints, (ii) dealing with government agencies for seeking various approvals, (iii) serious legal issues etc.
- (v) The provisions under the Companies Act, 2013 read with the relevant schedules provided therein.
- (vi) Apart from payment of basic salary and House Rent Allowance in keeping with the industry trend, providing the statutory benefits like Provident Fund, Gratuity and Leave Encashment and other benefits like Medical, Annual Leave Scheme.
- (vii) Consideration of the current financial position of the company while deciding the remuneration payable to the executive Directors and Key Managerial Personnel.

4.0 Remuneration Policy applicable to the Senior Management and other officers of the company

The company presently has three grades of officers namely (i) Jr. Officers, (ii) Jr. Managers and (iii) Sr. Managers.

The following factors / criteria would determine the remuneration payable to the senior Management and other officers of the company.

- 4.1 Educational and Professional Qualifications of the officers.**
- 4.2 Experience in terms of length of service and quality**

of such experience based on association with the organizations in the past.

- 4.3 Payment of basic salary and House Rent Allowance in keeping with the trend in industry particularly similar size companies.
- 4.4 Payment of remuneration by breaking the same into fixed and variable parts and variable salary to be linked with the production and profitability of the company.
- 4.5 To link the remuneration payable to senior management category employees on the basis of the cadre he belongs to and the responsibilities entrusted to him.
- 4.6 To provide statutory benefits like Provident Fund, Gratuity, Leave Encashment and other benefits like Medical as well as Annual Leave Scheme.
- 4.7 The annual increment to be provided in keeping with the performance of the company and in the event of unsatisfactory performance of the company, to provide the annual increment close to inflation.
- 5.0 Remuneration Policy in respect of other Employees
- 5.1 Employees are appointed as per the hiring policy of the company in different grades of workmen and staff.
- 5.2 The unionized workers to be paid wages as per the Wage Agreements with them. Payment of Variable Dearness Allowance (VDA) linked with the Consumer Price Index (CPI) on quarterly basis circulated by Cement Manufacturers Association (CMA) based on the data published by the Ministry of Labour, Govt. of India.
- 5.3 Payment of remuneration to non-unionized staff at the Corporate Division and Marketing Division at Patna on the basis of compensation package applicable to such employees in Patna. To provide Variable Dearness Allowance (VDA) to such staff members also.

11. DISCLOSURE PURSUANT TO SECTION 197 (12) READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) The ratio of the remuneration of each director to the median remuneration of the employees.

Managing Director 29.23:1

Jt. Managing Director 27.53:1

The median remuneration of the employees does not take into consideration the value of housing accommodation provided to the workers, staff

and officers in the factory.

- ii) The percentage increase in remuneration of directors and KMPs
- | | |
|---|-------|
| Managing Director | 3.43% |
| Jt. Managing Director | 3.93% |
| CFO & Co. Secretary (KMP) and other Equivalent Senior Officer | 20% |
- iii) The percentage increase in the median remuneration of employees; 5.04%
- iv) The number of permanent employees on the rolls of company; 929
- v) The explanation on the relationship between average increase in remuneration and company performance

The company is registered with the Board for Industrial and Financial Reconstruction (BIFR) and is in the process of revival through the aegis of BIFR. The increase in remuneration provided by the company is very modest and rather lower than the industry average. The increase is barely enough to neutralize the effect of inflation and is essential to retain the employees in the company as the company, at this stage, needs more close and effective leadership as well as other employees.

- vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

The increase in the remuneration of KMP and other equivalent senior officer is 20% which has been granted as a correction in salary considering the market trend and the compensation offered by the company to an incumbent at similar position. In view this, the increase is considered reasonable and was necessary to retain the incumbents.

- vii) Variations in the market capitalization, price earnings ratio and market price vis-à-vis issue price of shares

As mentioned above, the company at present is in the process of revival. Its networth is negative and although the company's shares are listed at Bombay Stock Exchange, the trading is very rare. The shares of the company were last traded at the rate of Rs.10.45 per share on 18.12.2015. The company has not made any public offer for issue of shares in the financial year 2015-16.

- viii) Increase in the salaries of managerial personnel and other employees

The increase in the salaries of employees in the financial year 2015-16 was 5.04% against the average increase of 3.67% in the salary of managerial personnel.

- ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

This has been explained in reply to para (vi) above.

- x) The key parameters for any variable component of remuneration availed by the directors; presently not applicable.

- xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Not applicable

- xii) Affirmation that the remuneration is as per the remuneration policy of the company

It is affirmed that the remuneration being paid by the company is in conformity with the remuneration policy of the company.

12.0 Share Capital

The Company did not issue any share capital during the financial year 2015-16.

13.0 Auditors

M/s M.Mukerjee & Company, Chartered Accountants, Kolkata are the statutory auditors of the company. Under the provisions of the Companies Act, 2013, they are eligible for re-appointment.

14.0 Committees of the Board of Directors

The Board of Directors have appointed three committees namely (i) "Audit and Risk Committee" (Re-designated as Audit and Risk Committee in place of the earlier name as Audit Committee) (ii) Nomination and Remuneration committee and (iii) Stakeholders Relationship Committee. The requisite details in respect of these committees have been provided in Annexure – 3 dealing with "Corporate Governance".

The Board has accepted the recommendations of the Audit Committee and there is no such recommendation of the Audit Committee which has not been accepted by the Board of Directors of the Company.

15.0 Vigil Mechanism

The Company has introduced a vigil mechanism, for its Directors and Employees to report their genuine concerns or grievances. Since the company has an Audit Committee (Now re-designated as Audit and Risk Committee) the responsibility to oversee vigil mechanism has been entrusted to the Audit Committee. The Chairman Audit Committee has been authorized to ensure effective implementation of the vigil mechanism established by the company. The details of vigil mechanism are as under:

- i) The Employees and Directors of the company may bring to the notice of the Chairman of the Audit and Risk Committee, any irregularity, wrong doing, unethical practice or any activity against the principles and standards laid down for conduct of the business of the company.
- ii) The whistle blower will only report the irregularity and not act as an Investigator. He may be asked to make oral submission by the Chairman Audit Committee.
- iii) The identity of the whistle blower will be kept confidential as far as possible. Such whistle blower will also not be discriminated or meted out any unfair treatment in employment matters.
- iv) After receipt of the complaint, the Chairman Audit and Risk Committee will investigate the matter in an independent, fair and unbiased manner.
- v) The identity of the person against whom the investigation is conducted will be kept confidential within the ambit of law and such person will also be informed of the allegations to enable him placing his view points before the Chairman Audit and Risk Committee
- vi) The findings of the investigation will be communicated to such person and he will be provided with an opportunity to respond to the material findings, if any. Finally, the outcome of investigation will be informed to such person.
- vii) The disciplinary action will be taken as per the rules of the company, in force from time to time.

16.0 Particulars relating to Employees.

As required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the details of employees who were in receipt of remuneration in excess over the prescribed amount have been provided in Annexure-6.

17.0 Secretarial Audit Report

M/s. A. Kumar & Associates were appointed as Secretarial Auditors of the company and the Report submitted by them is placed at Annexure 7.

18.0 Corporate Governance Certificate

This Certificate has been provided by the Auditors of the company and placed at Annexure -8.

19.0 Protection From Sexual Harassment

The company has formed an Internal Compliance

Committee to address the complaints of Sexual Harassment at work place. The employees can approach the Committee, if required. However, no complaint has been received by the said committee during the period covered by this report.

20.0 Appreciations

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. The Directors also extend their thanks to the secured creditors and other business associates for extending their help and co-operation for smooth operations of the company.

ON BEHALF OF THE BOARD

(Shailendra Prakash Sinha)
Managing Director

(B.C. Srivastava)
Director

Place: Patna
Date: 28.5.2016

MANAGEMENT DISCUSSION AND ANALYSIS:**1. Industry Structure and developments**

- 1.1 Cement industry is one of the eight Core Industries namely (i) Coal (ii) Crude Oil (iii) Natural Gas (iv) Refinery Products (v) Fertilizer (vi) Steel (vii) Cement and (viii) Electricity. Out of the said eight Core Industries, Cement and Steel are Key Industries for growth of infrastructure in the Country. Cement Industry, till its total deregulation in 1989, had a capacity in the region of 45 – 50 Million Tons and started growing rapidly in post deregulation period and particularly after cement was freed from licencing in 1991 in the process of liberalization of Indian economy. Indian cement industry, next only to China expanded its capacity in a significant way in last 14-15 years. While the industry took 8 decades to reach the 100 million ton capacity, the 2nd 100 million ton was added in 11 years and the 3rd 100 million ton was added in just 3 years. Indian Cement manufacturing capacity at present is about 410 Million Tons and as in case of any industry, cement manufacturing capacity has been created in India, on the basis of the growth forecasts in various sectors of the economy, generally ahead of demand.
- 1.2 The capacity creations in India therefore have been in bunches based on the growth expectations and in the event of real demand not matching the growth forecasts, there were delays in absorption of full capacity leading to the situation of surplus cement manufacturing facilities and mis-matches in demand and supply persisting, at times, longer than anticipated. The present cement manufacturing capacity of 410 Million Tons approx. has not been able to be fully absorbed in the economy due to lower than expected consumption caused by tepid growth in creation of infrastructure facilities across the Government, Private and Public Private Partnership sectors.
- 1.3 The Indian Cement Industry grew at a rapid pace upto the year 2010 and had grown at the Compounded Annual Growth Rate (CAGR) between 8% to 9% resulting in a demand supply equilibrium position. The capacity additions during the later period were not backed by commensurate growth in demand for cement caused due to slowdown in infrastructure and housing sectors creating demand supply mismatch which continues, to a considerable extent, till now. The surplus capacity coupled with low demand growth led to low capacity utilization in the range of 65 – 70% in last 2-3 years. Cement prices also remained flat

during this period while the input costs showed escalation. Some input prices like coal, bags, etc. have moderated in last two years due to softening of the commodity prices particularly oil.

- 1.4 Cement Industry has now grown into a more organized sector and evolved to become more efficient in terms of energy consumption, quality of product, technological upgradation leading to increased use of blended cement, etc. Industry is also focusing more on alternate fuel with emphasis on environment protection. The company also, in line with the trend in Industry, has achieved significant efficiency levels in energy consumption and earlier received awards on this account in two years.

2. Opportunities and Threats**2.1 Opportunities**

- (i) Cement Industry, considering the growth during pre and post deregulation period, is considered a success story as the same has helped create substantial growth in housing and infrastructure sectors. The domestic cement industry is the second largest cement market globally contributing 8% to world cement production. The industry is a significant player in the economic development of the country by providing large contribution to State and Central Exchequers. Since it is both capital and labour intensive industry, it provides employment to over a million people of the country besides creating large asset base in the economy. Even though the industry witnessed muted growth in last 3-4 years, both in terms of demand and price structure, it has high growth potential in view of the emphasis of the Central Government on developing infrastructure in the Country as evident from the ambitious target of spending US \$ 1 trillion envisaged in the 12th five year plan. Even somewhat lower than the envisaged spending on infrastructure would drive the demand growth considerably and provide much needed fillip to the economy for quicker revival. The Government's plans to construct (i) National Highways (ii) the Projects named Bharat Mala and Sagar Mala (iii) 100 Smart Cities and (iv) Housing for all till 2022 are indicative of quantum jump in cement sector. The housing sector is the biggest demand driver accounting for over 60% of the total cement demand. The Government's resolve to provide housing for all by 2022 will be major driving force for growth in cement industry in next decade. Swatch Bharat Abhiyan is also likely to contribute significantly to the demand for cement. Moreover, Indian Cement Industry has greater potential to grow fast in view of the fact that the per capita cement consumption in India is about 191 Kg

(in 2012) which is much lower than the International average of 536 Kg (in 2012), leaving significant opportunities for growth.

- (ii) Cement market in India is expected to grow as it has to cater to demand for the new infrastructure projects and it is estimated that such projects will require about 45 Million ton cement in next 3-4 years and this will not only push towards a demand supply equilibrium position but will also help stabilize and improve the prices providing financial power to the industry for further expansion in the capacity and maintaining the cycle of growth in the economy. According to an estimate by Cement Manufactures Association (CMA), Indian Cement Industry may have a capacity of 750 million ton by 2023-24 with production of 665 million ton i.e. a capacity utilization of about 89%. Softening of bank interest rate by 1.5% since January 2015 will have a positive effect on the growth of the industry as well as overall economy.
- (iii) The eastern states as well as those on the country's borders are likely to witness significant growth in consumption of cement due to the emphasis on infrastructure development in those areas with a possibility of cement manufacturing capacity. Bharat Mala is one such project which will boost cement consumption in the North East and border states. Sagar Mala project will connect the coastal states and significantly augment the ports capacities. In next one decade India may emerge one of the main exporters of clinker and gray cement to the Middle East, Africa and other developing countries of the world.
- (iv) On quality front, India has already demonstrated its capability to produce the world class high quality and different varieties of cement conforming to any international standard viz BS, ASTM, DIN etc. The industry is also actively pursuing the use of alternate fuel to reduce dependence on coal besides using advanced and environment friendly technologies as well as waste heat recovery based co-generation of power.

2.2 Threats

- (i) Even though the demand for cement is likely to improve, lower than expected monsoon may spoil the growth prospects when two successive bad monsoons have already pushed the growth rate back.
- (ii) Since the industry is already faced with surplus capacity situation, any addition to the capacity at this stage and not absorbed by commensurate demand would lead to further imbalance in the demand and supply and push

the cement prices further down affecting adversely the financial base of cement companies.

- (iii) If the 12th plan projections of spending one trillion dollars do not fructify and there is a substantial short fall, the cement industry in the country will face the threat of lower growth.
- (iv) Although presently, the International Coal prices are at reasonable levels, any significant change in the World economy leading to growth in demand for coal will have negative impact on Indian Cement Sector in the form of high input costs.
- (v) Increase in commodity price including oil will have adverse impact on cement industry in terms of higher cost of logistics; cement being a voluminous material entailing high freight cost.

3.0 Segment wise or product wise performance

The company is engaged only in manufacturing and marketing of cement and its products are sold mostly in the State of Bihar. The company therefore has got only one product and geographical segment.

4.0 Outlook

- (i) As mentioned earlier, the economy of the Country has been witnessing slow growth since 2012-13, the growth being 4.5% in 2012-13 and 4.7% in 2013-14. The growth rate in 2014-15 was estimated as 5.5%. These growth rates were however based on the methodology adopted by Central Statistical Organization (CSO) earlier and now the corresponding growth rates under the new methodology are 5.1 % (2012-13), 6.9% (2013-14) and 7.3% (2014-15). As per the estimates made by IMF, various rating agencies as well as the Government sources, the economy is likely to grow by 7.4% to 7.6% in 2015-16.
- (ii) On the basis of a study, the World Bank has made a forecast which shows that the Indian Economy is expected to grow @ 7.9% in 2016-17 and 8% in 2017-18. With the changes in the policies for real estate and infrastructure sectors, housing for all till 2022 as promised by the Central Government, 100 smart cities, Bharat Mala and Sagar Mala Projects, plans for rapid growth in National highways and Railway sectors, Cement is poised for a big leap in the times ahead with not only demand supply gaps narrowing but further capacity build-up getting a needed boost. Reduction in the Policy rates by RBI and a look up in industrial production would lead to additional growth which augurs well for Cement Industry.

5.0 Risks & Concerns

- (i) The surplus capacity situation in the cement industry of the country continues to pose risk for the industry as the same diminishes the industry's capability to realize remunerative prices from the market. Power and Fuel (Coal) are the two major components contributing to the manufacture of cement and these two items have witnessed significant escalation in last few years despite cement prices remaining flat thereby putting the industry margins under severe pressure. The cost of these two inputs have moderated only in last two years but any increase in oil and coal prices will impact the industry negatively.
- (ii) The availability of good quality coal remains a concern for cement industry. Majority of the Indian coal does not provide desired calorific value and this increases dependence on imported coal, the prices whereof are prone to fluctuation due to the dynamics of international demand and supply of coal.
- (iii) Cement is a bulk commodity and involves long haul transportation involving sizeable carrying cost. Logistics therefore plays a very important role in cost of delivery of cement to the ultimate consumer. Although the international crude prices remained soft during the recent times which eased the pressure on logistics cost, the same is now on uptrend. Any significant increase in international crude price will have the risk of negatively impacting the industry margin.
- (iv) The government's emphasis on infrastructure projects will result in creation of such facilities only when required land is available. The availability of land remaining uncertain, the anticipated growth in infrastructure sector remains a cause for concern at least in short term.

6.0 Internal control systems and their adequacy

- (i) The company has established effective internal controls both in operational & financial areas and the same have proved to be effective. The objective of internal control systems established by the company is to ensure efficient use and protection of the company's resources, accuracy in financial reporting and ensuring that the financial statements of the company are considered reliable and credible in providing true and fair view of the state of affairs of the company.

- (ii) The company has appointed a reputed firm of Chartered Accountants who performs the internal audit of the operations and financial affairs of the company and submit their reports to the Audit Committee on quarterly basis. The internal controls are reviewed by the auditors periodically and deficiencies, if any are pointed out by them for corrective measures.

7.0 Financial performance with respect to operational performance

- (i) The company presently is in the process of revival through the aegis of the Board for Industrial and Financial Reconstruction (BIFR). Since the cement market, due to over capacity situation in the industry, has remained sluggish in last few years, the company's operations & financial results also remained adversely affected. Non-renewal by the Govt. of Bihar of the company's main operative mining lease effective from Dec.'2013 compounded the problem by creating Lime Stone shortage for the company pulling down cement production by over 31% in the year under report over the earlier level.
- (ii) The reduced level of operations, led by working capital difficulties and lime stone shortage coupled with flat cement prices as well as cost escalations, resulted in loss.

8.0 Material developments in human resources, industrial relations front including number of people employed.

In order to achieve full utilization 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 helps improve sensitivity about the plant and better identification of plant problems and their resolutions and also in identifying the areas of cost reduction. Barring few incidents of work stoppages for wage disbursements, the industrial relations generally remained cordial during the year under report. The company employed 929 people during the year.

ON BEHALF OF THE BOARD

(Shailendra Prakash Sinha)
Managing Director

(B.C. Srivastava)
Director

Place: Patna
Date: 28.5.2016

Form No.MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i)	CIN	L26942WB1937PLC009086
ii)	Registration Date	11.08.1937
iii)	Name of the Company	Kalyanpur Cements Ltd.
iv)	Category / Sub-Category of the Company	Public Limited
v)	Address of the Registered office and contact details	2 & 3, Dr. Rajendra Pd. Sarani, Kolkata – 700 001 Phone-033- 22302977/6470- Fax: 033-22301909
vi)	Whether listed company	Yes, Listed at BSE Ltd. and Calcutta Stock Exchange
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India (Pvt.) Ltd. 59C, Chowringhee Road, 3 rd Floor, Kolkata-700020 Phone : 033 – 22890540 Fax : 033-22890539 E-Mail.Kolkata@linktime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of Main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Cement Manufacturing	25232930	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares Held	Applicable Section
Not Applicable					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	4100342	7225000	11325342	53.30%	4100342	7225000	11325342	53.30%	0.00%
e) Banks / FI									
f) Any Other....									
Sub-total(A)(1):-	4100342	7225000	11325342	53.30%	4100342	7225000	11325342	53.30%	0.00%

(2) Foreign									
a) NRIs-Individuals									
b) Other -Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other.....									
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4100342	7225000	11325342	53.30%	4100342	7225000	11325342	53.30%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3550	0	3550	0.02%	3550	0	3550	0.02%	0.00%
b) Banks/FI	3165101	86141	3251242	15.30%	3165101	86161	3251262	15.30%	0.00%
c) Central Govt.									
d) State Govt(s)		24417	24417	0.11%		24417	24417	0.11%	0.00%
e) Venture Capital Funds									
f) Insurance Companies	9730	5	9735	0.05%	9730	5	9735	0.05%	0.00%
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1):-	3178381	110563	3288944	15.48%	3178381	110583	3288964	15.48%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5656888	38009	5694897	26.80%	5656578	34609	5691187	26.78%	-0.02%
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	20341	28096	48437	0.23%	21435	30692	52127	0.25%	0.02%
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	31434	860000	891434	4.20%	31434	860000	891434	4.20%	0.00%
c) Others (specify)									
Sub-total(B)(2):-	5708663	926105	6634768	31.22%	5709447	925301	6634748	31.22%	0.00%
Total Public Shareholding (B)=(B)(1)+(B)(2)	8887044	1036668	9923712	46.70%	8887828	1035884	9923712	46.70%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	12987386	8261668	21249054	100.00%	12988170	8260884	21249054	100.00%	0.00%

(ii) Share Holding of Promoters

Sl. No.	Promoter's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Maurya Management Pvt.Ltd.	1125342	5.30%	0	1125342	5.30%	0	No Change
2	Vivid Colors Pvt.Ltd.	10200000	48.00%	48.00%	10200000	48.00%	48.00%	No Change
	Total	11325342	53.30%	48.00%	11325342	53.30%	48.00%	

(iii) Change in Promoters' Shareholding

Sl. No.	Promoter's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Maury Management (Pvt.)Ltd.	1125342	5.30%	1125342	5.30%
2	Vivid Colors (Pvt.) Ltd.	10200000	48.00%	10200000	48.00%
	Total Promoters	11325342	53.30%	11325342	53.30%

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Elate Investments & Holdings(Pvt.) Ltd.	5420000	25.51%	5420000	25.51%
2	Asset Reconstruction Co.(India)Ltd.	3079000	14.49%	3079000	14.49%
3	K.N.Pandey (HUF)	891434	4.20%	891434	4.20%
4	Bhubnesh Commercial(Pvt.) Ltd.	222028	1.04%	222028	1.04%
5	IFCI Ltd.	86141	0.41%	86141	0.41%
6	IDBI	85841	0.40%	85841	0.40%
7	Indian Textiles Company Ltd.	30000	0.14%	30000	0.14%
8	BSIDC	21742	0.10%	21742	0.10%
9	LIC	9730	0.05%	9730	0.05%
10	Maurya Manpower (Pvt.) Ltd.	8400	0.04%	8400	0.04%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri B.C.Srivastava	176	0.00	176	0.00
2	Sri P.K.Chaubey	2	0.00	2	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. in Lacs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
Secured Loans				
NCD-Assets Care & Reconstruction Enterprise Ltd.	7945.85			7945.85
Central Excise Loan	702.37			702.37
Unsecured Loans				
Priority Debts-Vivid Colors Pvt.Ltd.		650.00		650.00
Unsecured Loans-Maurya Management Pvt. Ltd.		100.00		100.00
Unsecured Loans-Hind Marketing Corporation		100.00		100.00
Short Term Loans				
Short Term-Bihar Hotels Ltd.		920.00		920.00
Short Term-Kampilya Builders Pvt.Ltd.		162.00		162.00
Short Term-Vivid Colors Pvt.Ltd.		296.89		296.89
Short Term-Kumar Distributors Pvt.Ltd.		50.00		50.00
Short Term-Aditya Futuristic Trading Pvt.Ltd.		45.47		45.47
ii) Interest due but not paid		180.57		180.57
iii) Interest accrued but not due				
Total (i+ii+iii)	8648.22	2504.93	0.00	11153.15
Change in Indebtedness during the financial year				
• Addition				
Short Term				
Kampilya Builders Pvt.Ltd. .		940.33		940.33
• Reduction				
Short Term				
Vivid Colors Pvt.Ltd.		296.89		296.89
Kumar Distributors Pvt.Ltd.		50.00		50.00
Aditya Futuristic Trading Pvt.Ltd.		45.47		45.47
Addition				
• Interest Accrued & due		122.56		122.56
Net Change	0.00	670.53	0.00	670.53

Rs. in Lacs

Indebtedness at the end of the financial year			
iv) Principal Amount			
Secured Loans			
NCD-Assets Care & Reconstruction Enterprise Ltd.	7945.85		7945.85
Central Excise Loan	702.37		702.37
Unsecured Loans			
Priority Debts-Vivid Colors Pvt.Ltd.		650.00	650.00
Unsecured Loans-Maurya Management Pvt. Ltd.		100.00	100.00
Unsecured Loans-Hind Marketing Corporation		100.00	100.00
Short Term Loans			
Short Term-Bihar Hotels Ltd.		920.00	920.00
Short Term-Kampilya Builders Pvt.Ltd.		1102.33	1102.33
v) Interest due but not paid		303.13	303.13
vi) Interest accrued but not due			
Total (i+ii+iii)	8648.22	3175.46	11823.68

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager.

Rs. in Lacs

Sl. no.	Particulars of Remuneration	Name of WTD/MD/Manager		Total Amount
		Sri Shailendra Prakash. Sinha Managing Director	Sri Anant Prakash Sinha Joint Managing Director	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64.50	45.36	109.86
	Value of perquisites u/s 17(2) of Income-tax Act, 1961		0.19	0.19
	(a) Profits in lieu of salary under section of 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total(A)	64.50	45.55	110.05
	Ceiling as per the Act	As approved by the Central Govt.	As approved by the Central Govt.	

B. Remuneration to other directors:

Rs. in Lacs

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Sri Mahendra Lodha	Dr. K.C. Varshney	Sri B.C. Srivastava	
1.	Independent Directors				
	• Fee for attending board / committee meetings	0.40	1.10	1.10	2.60
	• Commission		-		-
	• Others, please specify				
	Total(1)	0.40	1.10	1.10	2.60
2.	Other Non-Executive Directors	Sri Ravindra Prasad State Govt's Nominee	Sri Ashok Kr. Dutta	Smt Lata Ajay Srivastava	
	• Fee for attending board / committee meetings		0.10	0.70	0.80
	• Commission				
	• Others, please specify				
	Total(2)		0.10	0.70	0.80
	Total(B)=(1+2)	0.40	1.20	1.80	3.40
	Total Managerial Remuneration	0.40	1.20	1.80	3.40
	Overall Ceiling as per the Act	NA	NA	NA	NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Rs. in Lacs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Sri Purushottam Kr. Chaubey, CFO & Company Secretary	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37.17	37.17
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961		
	(c) Profits in lieu of salary under section of 17(3) of Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify.....		
5.	Others, please specify		
	Total	37.17	37.17

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			N I L		
Punishment			N I L		
Compounding			N I L		
B. DIRECTORS					
Penalty			N I L		
Punishment			N I L		
Compounding			N I L		
C. OTHER OFFICERS IN DEFAULT					
Penalty			N I L		
Punishment			N I L		
Compounding			N I L		

ON BEHALF OF THE BOARD

(Shailendra Prakash Sinha)
Managing Director(B.C. Srivastava)
DirectorPlace: Patna
Date: 28.5.2016

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-E xchanges was earlier amended by addition of Clause 49 therein. Now, the Securities & Exchange Board of India (SEBI), pursuant to the powers conferred upon it under the SEBI Act, 1992 and the Securities Contracts (Regulation) Act 1956 has made the regulations known as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for implementing the Corporate Governance practices besides ensuring fair disclosure by listed entities. The company earlier implemented the listing Agreement and has now started implementing the newly prescribed abovementioned Regulations. In fact, the Company earlier also followed some of the sound Corporate Governance practices and later implemented clause 49 of the Listing Agreement in letter and spirit. Now as stipulated in the new Regulations, it is the endeavour of the company to completely adhere to the newly implemented regulations by adopting Sound Corporate practices as prescribed and complying with various laws, rules, regulations as well as the conditions under the new regulations.

2. Board of Directors**a) Composition and category of Directors**

Sn.	Name of the Directors	Category	Promoter/ Independent	No. of Shares held	Remarks
01	Shri Shailendra Prakash Sinha	Executive	Promoter	-	-
02	Shri Anant Prakash Sinha	Non- Executive	Promoter	-	Shri Anant Prakash Sinha earlier held the position of Joint Managing Director. He resigned from the position of the Joint Managing Director w.e.f. 1.1.2016. He now continues on the Board of the company as a Director.
03	Shri B.C. Srivastava	Non-Executive	Independent	176*	Please ref. Clause-2(f)
04	Dr. K.C.Varshney	Non-Executive	Independent	-	
05	Shri Mahendra Lodha (up to 28.05.2016)	Non-Executive	Non-Independent	-	Nominee of Investors
06	Shri Ravindra Prasad	Non- Executive	Non Independent	-	Nominee of the Govt. of Bihar
07	Smt. Lata Ajay Srivastava	Non- Executive	Independent	-	-
08	Shri Ashok Kumar Dutta	Non-Executive	Independent	-	Special Director appointed by the Board for Industrial & Financial Reconstruction (BIFR)

The company presently has two Directors on its Board from Promoter category. Four directors on the Board including a Special Director appointed by BIFR are non-Executive independent Directors. There are two non-executive non-independent directors on the Board. While one of them representing the investors has submitted resignation from the Board, the other one is a nominee of the Govt. of Bihar.

The brief profile of each director as at the end of the year is given below:-

- (1) **Shri Shailendra Prakash Sinha** – Shri Shailendra Prakash Sinha (66) is a Commerce Graduate and a certificate holder in hotel management from Cornell University, USA. He has also undergone a senior Executive programme from Stanford University, USA. He has over 45 years of industrial experience.

Shri Sinha has been associated for long with various Chambers and Trade bodies like Bihar Chamber of Commerce, Bihar Industries Association and Confederation of Indian Industry (CII) Bihar and he has been the President of Bihar Industries Association. He is a known industrialist in the State of Bihar. He presently holds directorship, besides in the company, in (i) Differential Technologies Ltd. (ii) Bihar State Tourism Development Corporation Ltd. and (iii) Canterbury Results Pvt. Ltd. He also holds membership in the stakeholders Relationship committee of the Company's Board.

Shri Sinha does not hold any share in the Company and he is not related with any director of the company.

- (2) **Shri Anant Prakash Sinha** – Shri Anant Prakash Sinha (49) is an Electronic Engineer from Birla Institute of Technology, Ranchi and an MBA from Kellogg Grad School, USA.

He has worked with St. Lawrence Cement Company, Canada and is presently associated as director with Differential Technologies Ltd. and Canterbury Results (P) Ltd. He has over 22 years of experience.

- (3) **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 held directorship in Cheema Spintex Ltd. up to 23.12.2015 and is on the Board of 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.

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

He is on the Board of M/s.Eclat Industries Ltd. Presently, he is also the Managing Director of Jenson & Nicholson (India) Ltd. besides being on the Board and the committees of the Board of Directors of the Company. He is Chairman of the Audit Committee and the Nomination & Remuneration Committee of the company as well as member of the Stakeholders Relationship Committee. He is not related to any of the directors of the company. Mr.Srivastava holds 176 shares of the company, the details whereof have been provided in Clause 2(f) of this report.

- (5) **Shri Mahendra Lodha** – Shri Mahendra Lodha, 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 as under.

1	Disha Infin Consultants Pvt.Ltd.	10	Nitrex Chemicals India Limited
2	Tulip Star Hotels Limited	11	Elate Investment and Holdings Private Limited
3	Rama Petrochemicals Ltd.	12	Radiant Life Care Private Limited
4	Nitrex Logistics Private Limited	13	Amul Exim Limited
5	Rajdhani Textiles Private Limited	14	Emtelle India Limited
6	Rasna Processors Private Limited	15	Sanand Industrial Park Private Limited
7	Rainbow Denim Limited		
8	Steelco Gujarat Limited		
9	Sirius Financial Services Private Limited		

Besides being on the Board of various companies, Shri Lodha is also associated as Member / Chairman of committees of the Board of some of the abovementioned companies. He does not hold any share in the company. He is not related with any director of the company.

- (6) **Shri Ravindra Prasad** – Shri Ravindra Prasad, Director Technical Development, Deptt. of Industry, Government of Bihar was nominated by the State Government as its nominee on the Board of Directors of the company. Shri Prasad is an Officer of the Indian Telecommunication Services (ITS) and is a Bachelor of Engineering (Electronics) and an MBA. He was earlier working as Director (Department of Telecommunication), Government of India, New Delhi. He also holds the position of Managing Director of Bihar State Credit & Investment Corporation Ltd and Bihar State Finance Corporation Ltd., the State Government undertakings. He is the Chairman of Stakeholders Relationship Committee of the company. He does not hold any share in the Share Capital of the Company. He is also not related with any director of the company.
- (7) **Smt. Lata Ajay Srivastava** – Smt. Lata Ajay Srivastava is a graduate and is active in the field of social work for long. She has been a member of Inner Wheel Club of Patna which is the women wing of Rotary Club. She has been actively involved in various philanthropic activities undertaken by Rotary International. She is also a member of All India Women Conference, Bihar Chapter. She does not hold any share in the company and she is not related with any director of the company. She is not on the Board of any other company. She is the member of Nomination & Remuneration Committee of the company.
- (8) **Shri Ashok Kumar Dutta** – Shri Ashok Kumar Dutta born on 13th January, 1954 is a Post Graduate and a Gold Medalist MBA from Patna University. He joined Allahabad Bank in January, 1978 and reached the level of General Manager of the said bank. Later he was appointed by the Govt. of India as a Whole Time Director designated as Executive Director of Dena Bank w.e.f. 01.03.2010 and he superannuated from Dena Bank on 31.01.2014. He possesses Specialized Professional knowledge of a commercial banker and also possesses professional qualification of CAIIB. He has attended many national and international seminars and training programmes including at Trinity College, Cambridge University, UK & Kellogg School of Management, North Western University, USA. He has been Member of many Committees of the Indian Banks' Association and is presently working as advisor with various organizations.
2. b) The attendance record of the Directors at the Board Meetings during the financial year ended on 31st March, 2016 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 Shailendra Prakash Sinha	4	4	No
02	Shri Anant Prakash Sinha	4	2	No
03	Shri B.C. Srivastava	4	4	Yes
04	Dr. K.C. Varshney	4	4	No
05	Shri Mahendra Lodha	4	2	No
06	Shri Ravindra Prasad	4	1	No
07	Smt. Lata Ajay Srivastava	4	4	-
08	Shri Ashok Kumar Dutta	1	1	Not held in his tenure

c) Details of Directorships etc.

The details of Directorship in Companies (excluding Private Limited Companies and Section 8 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 Shailendra Prakash Sinha	3	-	1	-
Shri Anant Prakash Sinha	2	-	-	-
Shri B.C. Srivastava	3	-	1	2
Dr. K.C. Varshney	2	-	4	-
Shri Mahendra Lodha	8	-	2	5
Shri Ravindra Prasad	3	-	-	1
Smt. Lata Ajay Srivastava	1	-	1	-
Shri Ashok Kumar Dutta	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.

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

During the year ended March 31, 2016, the Board of Directors held 4 meetings. These were held on:

Meeting Serial Number	Date	Meeting Serial Number	Date
1	22 nd May, 2015	3	7 th November, 2015
2	25 th July, 2015	4	6 th February, 2016

e) Disclosure of relationships between directors inter se:

None of the Directors of the Company is related with any other Director on the Board of the Company.

f) Number of shares or convertible instruments held by non-executive directors:

176 shares are held by Shri B.C. Srivastava, an Independent Director of the company. These shares were transferred in his favour from Shri D.N. Bhandari, a former Director of the company on his secession from the office. These shares were allotted in lieu of the fractional entitlements of various shareholders under the "Scheme of Compromise" approved by the Hon'ble Calcutta High Court vide order dated 21.11.2006.

g) Web link where details of familiarization programme imparted to the independent directors are provided.

The Company has hitherto arranged only in-house familiarization programmes for its independent Directors. The Managing Director and the company Secretary brief the directors about their role and responsibilities as an Independent Director under the provisions of various laws particularly the Companies Act, 2013 and Listing Agreements with Stock Exchanges which have been replaced by the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015.

3. THE AUDIT AND RISK COMMITTEE:

(a) Brief description of Terms of reference

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors ;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same ;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified Opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

Besides, the Audit Committee has been given the following powers to exercise its functions efficiently and effectively:

- to investigate any activity within its terms of reference,
- to seek information from any employee,
- to obtain outside legal or other professional advice,
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The audit Committee reviews the following:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions.
- Management letters/Letters of Internal Control weaknesses issued by the Statutory Auditors.
- Internal Audit reports relating to internal control weaknesses.
- Appointment, Removal and terms of remuneration of the Chief Internal Auditors or the terms of Chartered Accountants where external firm has been appointed by the company as Internal Auditors.

(b) Composition, name of members and chairperson

The Audit and Risk Committee comprises the following Directors:

01	Shri B.C. Srivastava	Chairman	Non-Executive Independent
02	Dr. K.C. Varshney	Member	Non-Executive Independent
03	Shri Mahendra Lodha (Upto 28.05.2016)	Member	Non-Executive Non-Independent
04	Shri Ashok Kumar Dutta (w.e.f. 28.05.2016)	Member	Non-Executive Independent (Special Director appointed by BIFR)

All the members of Audit and Risk Committee have sound knowledge of Accounts, Audit and Financial matters. All the members of the Audit and Risk Committee are independent Directors. The outgoing member, Shri Mahendra Lodha, representing the Investors is a Non Independent Director.

(c) Meetings and attendance during the year**(i) The following meetings of Audit and Risk Committee were held during the year ended 31.3.2016.**

Meeting Serial Number	Date	Meeting Serial Number	Date
1	22 nd May, 2015	3	7 th November, 2015
2	25 th July, 2015	4	6 th February, 2016

(ii) The following is the attendance record of Audit and Risk Committee members at the meetings of the Committee.

Sl.No.	Name of Members of Audit and Risk Committee	No. of meetings held during the tenure	No. of meetings attended
1	Shri B.C. Srivastava, Chairman	4	4
2	Dr. K. C. Varshney, Member	4	4
3	Shri Mahendra Lodha	4	2
4	Shri Ashok Kumar Dutta	No meeting held during the tenure	No meeting held during the tenure

4. Nomination and Remuneration Committee :**(a) Brief description of terms of reference**

The following are the terms of reference of the Nomination and Remuneration Committee:

The terms of reference of the Nomination and Remuneration Committee are determined on the basis of the provisions contained in section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D(A) of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as well as the erstwhile Clause 49 of the Listing Agreement till when the same was in force. Accordingly, the following are the terms of reference of the Nomination and Remuneration Committee:

- The Committee shall identify the persons who are qualified to become directors and who may be appointed in Sr. Management as per the criteria laid down and recommend to the Board of Directors their appointment and removal.
- The Committee shall formulate the criteria for evaluation of performance of independent directors and the Board of Directors.
- The Committee shall also recommend whether an Independent Director's tenure could be extended and he could continue on the Board on the basis of the performance evaluation of such independent directors.
- The committee shall formulate the criteria for determining qualifications, positive attribute and independence of a director.
- The committee shall evolve a remuneration policy for the Directors, Key Managerial Personnel and other employees. While formulating the remuneration policy, the committee shall keep in view that remuneration is reasonable and sufficient to attract and retain the desired talent in the organization and that the relationship of remuneration to the performance is clear and meets the performance bench marks.
- The committee shall devise policy on Board diversity

(b) Composition, name of members and chairperson

The Nomination and Remuneration Committee comprises the following directors:

1. Dr.K.C.Varshney	- Non-Executive Independent Director	-	Chairman (upto 21.5.15)
	-do-	-	Member (w.e.f. 22.5.15)
2. Shri B.C.Srivastava	- Non-Executive Independent Director	-	Member (upto 21.5.15)
	-do-	-	Chairman (w.e.f. 22.5.15)
3. Shri Ravindra Prasad	-Nominee of the Government of Bihar	-	Member (23.4.14 to 21.5.15)
4. Mrs. Lata Ajay Srivastava	- Non-Executive Independent Director	-	Member (w.e.f. 22.5.15)

(c) Meetings and attendance during the year

The following members attended the meetings, as under, of the Nomination and Remuneration Committee held during the year ended 31st March, 2016.

Sl. No.	Name of Members of the Committee	No. of meetings held during the tenure	No. of meetings attended
1	Shri B.C. Srivastava, Chairman	3	3
2	Dr. K. C. Varshney, Member	3	3
3	Smt. Lata Ajay Srivastava, Member	3	3

(d) Performance evaluation criteria for independent directors

The performance evaluation criteria for Independent Directors have been provided in paragraph No.9.1(a) of the Report of the Board of Directors to the shareholders.

5. Remuneration of Directors**a) Pecuniary relationship or transactions of the Non-Executive Directors:**

None of the non-executive directors has any pecuniary relationship with the company. Nor they have entered into any financial transaction with the company during the period covered by this Report.

b) Criteria of making payments to non-executive directors

In view of the losses, no commission or any other remuneration has been paid by the company to any non-executive director during the period covered by this report. The non-executive directors are paid only the sitting fees for attending the meetings of the Board of Directors and the Committees thereof.

The details of sitting fees paid to non-Executive Directors during the Financial Year 2015-16:

Name of the Director	Amount of Sitting Fee (Rs.)
Shri B.C.Srivastava	1,10,000/-
Dr. K.C.Varshney	1,10,000/-
Shri Mahendra Lodha	40,000/-
Smt. Lata Ajay Srivastava	70,000/-
Shri Ashok Kumar Dutta	10,000/-

Non-Executive Directors of the Company do not hold any shares / convertible instruments of the Company except Mr. B.C. Srivastava who holds 176 Shares which represent the fractional shares allotted in terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court and later consolidated into 176 shares. These 176 shares were earlier held by Shri D.N. Bhandari, Director of the company and on his resignation from directorship, the same were transferred in favour of Shri B.C. Srivastava.

c) Disclosure with respect to remuneration

In addition to the disclosure required under the Companies Act, 2013, the following disclosures are made as required under the Regulations:

i) Element-wise details of Remuneration

Rs. in Lacs

	Shri Shailendra Prakash Sinha, Managing Director	Shri Anant Prakash Sinha, Joint Managing Director	Total
Salary	37.20	26.10	63.30
Benefits	22.83	16.32	39.15
Bonus	-	-	-
Stock Option	-	-	-
Pension	-	-	-
Provident Fund	4.46	3.14	7.60
Total	64.49	45.56	110.05

ii) The remuneration has not been broken into the "fixed" and "performance linked incentive" components in view of the present adverse financial position of the company.

iii) Service Contract :

- Notice period – 12 months Notice from either side or as mutually agreed.

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.

(iv) Stock Option Details: Nil**6. Stakeholders Grievance Committee**

The stakeholders Relationship Committee constituted pursuant to the Companies Act, 2013 and Regulation 20 of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 looks into the stakeholders' grievances.

(a) Name of the Non-Executive Director heading the Committee

- | | | | |
|-----|--|---|---|
| a) | Shri Ravindra Prasad,
Director Technical Development
Industry Department, Govt. of Bihar
Nominee Director of the Govt. of Bihar | - | Chairman since 22.5.2015 (Member upto 21.5.2015) |
| | Shri B.C. Srivastava
Non-Executive Independent Director | - | Chairman (Upto 21.5.2015)
Member (w.e.f.22.5.2015) |
| | Shri Shailendra Prakash Sinha - Managing Director | - | Member |
| (b) | Name and designation of Compliance Officer | - | P.K.Chaubey,
CFO & Co.Secretary |
| (c) | Number of Shareholders' complaints received so far | - | Nil |
| (d) | Number of complaints not solved to the satisfaction of the shareholders | - | Nil |
| (e) | Number of pending complaints | - | Nil |

7. General Body meetings**(a) Location and time where last 3 AGMs were held**

Sn	AGM Sl.No.	Location	Date	Time
1	75 th AGM	The Palladian Club Lounge, The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Third Level Kolkata – 700 001.	28.9.2015	11.30 A.M.
2	74 th AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	11.9.2014	11.30 A.M.
3	73 rd AGM	Kalyanpur Cements Ltd. 2&3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001	27.9.2013	11.30 A.M.

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

- b) The special resolutions passed by the company in the last three Annual General Meeting.

Meeting Sl.No.	Held on	Particulars of Special Resolution passed
75 th AGM	28.09.2015	No Special resolution passed
74 th AGM	11.09.2014	Increase in borrowing powers pursuant to section 180(l)(c) of the Companies Act, 2013
73 rd AGM	27.09.2013	No Special resolution passed

- c) Whether any special resolution passed last year through postal ballot and details of voting pattern.

The following special resolutions were passed during last year i.e. 2015-16 and the details of voting pattern are as follows:

Sl. No.	Particulars of Resolution	Date of Passing	Category	Total no. of Shares held	For	Against
1	Approval of remuneration payable to the Executive Director.	27.07.2015	Promoters	11,325,342	11,325,342	-
			Public Institution	3,288,964	-	-
			Non Institution	6,634,748	2,474,623	2
			Total	21,249,054	13,799,965	2
2	Approval of reappointment of the Managing Director for 3 years and remuneration payable to him	18.01.2016	Promoters	11,325,342	11,325,342	-
			Public Institution	3,288,964	-	-
			Non Institution	6,634,748	902,151	1
			Total	21,249,054	12,227,493	1

- d) Person who conducted the postal ballot exercise - Shri A.K. Labh
C/o. A.K. Labh & Co.
Company Secretaries
40 Western Street, 3rd Floor,
Kolkata - 700 013.

- e) Whether any special resolution is proposed to be conducted through postal ballot.

There is no plan at present to propose any special resolution to be passed by postal ballot.

- f) Procedure for postal ballot.

The postal ballots have been conducted as per the provisions of Section 110 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and administration) Rules 2014 as amended vide the Notification GSR 207(E) dated 19.3.2015.

8. Means of Communication

- (a) Quarterly Result : The Company publishes its quarterly results on regular basis
- (b) News papers wherein the results normally published : The quarterly results are published in the following Newspapers:-
(a) The Financial Express, Kolkata
(b) Aajkaal, a Bengali Daily, Kolkata
- (c) Any Website where displayed : The Company has a functional website namely www.kalyanpur.com.
- (d) Whether it also displays official news releases : The company does not display the official news release. In fact, the company does not issue news releases.
- (e) Presentations made to Institutional Investors or to the Analysts. : 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:

- (a) AGM date, time and venue : Monday, the 26th, September, 2016 at 11.00 A.M.
The W. M. Hall,
The Bengal Chamber of Commerce & Industry,
6, Netaji Subhas Road, Third Level
Kolkata – 700 001.
- (b) Financial Year : 2015-16
- (c) Book closure date : 19th, September, 2016 to 26th, September, 2016.
- (d) Dividend payment date : Since the company does not have distributable profit, the Board of Directors have not recommended any dividend.
- (e) The name and address of each Stock Exchange where Securities listed and confirmation about payment of listing fees : i) The Calcutta Stock Exchange Ltd.,
7, Lyons Range,
Kolkata – 700 001
ii) BSE Limited,
Corporate Relationship Department
25th Floor, Phiroz Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

The company has paid the listing fees to the Stock Exchanges.

- (f) Stock Code : 21105 – Calcutta Stock Exchange, Kolkata
: 502150 – BSE Ltd., Mumbai
- (g) Market Price data : During the Financial Year 2015-16, only 300 shares were traded at Bombay Stock Exchange. The said 300 shares were traded as per the prices indicated below:

Month	No of Shares	High	Low
May, 2015	100	11.00	11.00
August, 2015	100	10.45	10.45
December, 2015	100	10.45	10.45

- (h) Performance in comparison to Broad-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.
- (i) In case the Securities are suspended from trading, the directors' report shall explain the reason thereof : Not Applicable
- (j) Registrar to an issue and share 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
- (k) 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.
- (l) 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	726	8950	0.04%
2.	51-100	62	5234	0.02%
3.	101-500	41	9992	0.05%
4.	501-1000	21	16672	0.08%
5.	1001-5000	11	28548	0.13%
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	222028	1.05%
10.	500001 & above	5	20684342	97.34%
	Total	874	21249054	100.00%

Shareholding Pattern:

Particulars of holders	% of Shareholding
Promoters	53.30%
Fis, Banks, State Govt. Enterprises	15.48%
Other Corporate Bodies	26.78%
Others	4.44%
TOTAL	100.00%

- (m) 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.
- (n) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity : NIL
- (o) Commodity price risk or foreign Exchange risk and hedging activities : The Company does not have any exposure in Commodities and Foreign Exchange
- (p) Plant locations : P.O. Banjari, Dist. Rohtas, Bihar.
- (q) 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. Other Disclosures:

- (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large : The Company does not have any materially significant related party transaction except the salary payments to the Managing Director and the Executive Director for which necessary approvals have been obtained.
- (b) details of non-compliance by the company, penalties, strictures imposed on the company by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; : NIL
- (c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee : The Company has put in place a vigil mechanism and whistle blower policy and it is affirmed that no personnel has been denied access to the Audit Committee
- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements : The mandatory requirements as prescribed in SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 and in Clause 49 of the Listing Agreement (till it was in force) have been complied with. The discretionary requirements as prescribed in Part-E of Schedule-II under the said regulations have been complied with to the extent that the same pertains to the financial statements with unmodified audit opinion. Other discretionary requirements are yet to be complied with.
- (e) Web link where policy for determining 'material' subsidiaries is disclosed : The Company does not have any subsidiary. Hence not applicable
- (f) Web link where policy on dealing with related party transactions : In view of information provided at 10(a) above, this is not applicable
- (g) Disclosure of commodity price risks and commodity hedging activities. : Not applicable

- 11 Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof : All the requirements of Corporate Governance have been complied with.
- 12 The extent to which the discretionary requirements as specified in part E of Schedule II have been adopted : The company already has the financial statements with unmodified audit opinion. The other discretionary requirements however are yet to be complied with.
- 13 The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report. : The compliances as stipulated in regulations 17 to 27 and clauses (b) to (h) of sub-regulation (2) of regulation 46 have been made. The compliance of sub-regulation 2(i) of regulation 46 is in the process of being made.

ON BEHALF OF THE BOARD

(Shalendra Prakash Sinha)
Managing Director

(B.C. Srivastava)
Director

Place: Patna
Date: 28.5.2016

REMARKS OF THE AUDITORS & SECRETARIAL AUDITORS AND MANAGEMENT'S REPLIES

Sn.	Remarks	Explanation
A	Remarks contained in Independent Auditors report	
A.1	Report on other Legal & Regulatory Requirements	
	The Company has pending litigations which impact its financial position.	The company has filed cases against various persons and similarly various parties have also filed cases against the company in the normal course of business. Some of the cases have been filed for recovery of dues whereas others have been filed for resolution of disputes of varied nature. The impact of such cases, till concluded, is unquantifiable. Cases having significant financial implication have already been disclosed as contingent liability in Para 1.0 of Note-19 to the Balance Sheet.
A.2	Emphasis on Matters	
i)	As stated in para 1.1 of Note 19 to the Balance Sheet, the claim of BSEB (now South Bihar Power Distribution Company Limited) is disputed in respect of 33 KV power connection. The nature of dispute & the details relating thereto have been explained in the above paragraph of Note 19.	The full details of the case have been provided in para 1.1 of Note-19 to the Balance Sheet. The Arbitrator sole awarded Rs.3.0 crores against the company which has been challenged by the company in the District Court, Patna.
ii)	In terms of para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. which assigned its loan earlier granted to the Company to Arcil – Kalyanpur Cements Ltd. Trust.	This is a statement of fact. IFCI Ltd. is one of the financial institutions who had assisted the company for setting-up its plant. Since they were the lead financial institution, security documents were pledged with them. Even after the debts were assigned by them and other institutions and banks in favour of the Asset Reconstruction Company (India) Ltd. (ARCIL), the documents continued to remain in their custody. The company enjoys peaceful possession of all its immovable properties.
iii)	Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs.7890.52 Lacs for the year amount to Rs.42560.16 Lacs against the capital and reserve of Rs.4836.54 Lacs which leaves a negative networth of Rs.37723.62 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.	<p>The Company is registered with the Board for Industrial & Financial Reconstruction (BIFR). The Revival Scheme sanctioned and circulated by BIFR in Feb'12 is under implementation. The parameters envisaged in the Sanctioned Scheme could not be attained due to various unforeseen economic reasons which led to unsatisfactory operations & loss in last few years. This necessitated a relook at the Sanctioned Scheme and accordingly, the company has approached BIFR for modification in the Scheme by considering grant of some additional reliefs & concessions besides re-schedulement of various dues including statutory dues.</p> <p>However, since the positions of Chairman and Member of BIFR remained vacant for quite some time, the revival process has been delayed and there was no progress with respect to the Modified Draft Rehabilitation Scheme (MDRS) submitted to BIFR. BIFR has now become functional and the company has requested for circulation of the MDRS to all the Stakeholders for consent in respect of the reliefs and concessions envisaged therein. After their consent is received, the Modified Scheme will be approved by BIFR.</p> <p>On full implementation of the sanctioned scheme as well as the proposed modifications therein with the approval of BIFR, it is expected that the company's operations and financial position will show improvement and the company therefore is expected to continue as a going concern.</p>

A.3 Annexure to Independent Auditors Report				
i)	According to the information and explanations given to us and on the basis of examination of records of the Company, the company is not regular in depositing the undisputed statutory dues including Provident Fund, Income-tax(TDS), Service Tax, Value Added Tax, Royalty & Cess to the appropriate authorities. The extent of outstanding statutory dues as on 31.3.2016 for a period of more than six months from the date they became payable are given 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 deteriorated sharply in last few years including the financial year under report resulting in liquidity constraint. As a result various statutory dues could not be paid in time. The Company, in its Modified Draft Rehabilitation Scheme (MDRS) submitted to BIFR has sought re-schedulement of these dues and proposed their payment in instalments.	
	Sl. No.	Statutory Dues		
	1	Royalty Dues		1508.23
	2	VAT Dues		3100.71
	3	PF & EPS Dues		1690.66
	4	TDS Dues		238.45
	5	Cement CESS		12.71
	6	Central Excise Duty		154.62
	7	Service Tax		26.44
The Central Excise Duty & Employees' State Insurance dues have been generally deposited regularly except some delay in case of Central Excise duty as mentioned above.				
ii)	The company has defaulted in payment of the Central Excise loan of the Government of India disbursed through IFCI Ltd. as referred to in Note 4 to the Balance Sheet.		The Revival Scheme sanctioned and circulated by BIFR in February, 2012 provided for payment of Central Excise loan of Rs.9.72 crs. granted by the Govt. of India and disbursed through IFCI Ltd. in six annual instalments ending with financial year 2014-15. The company had since paid the Central Excise loan of Rs.2.70 crs. and the present dues amount to Rs.7.02 crs. However, due to slippage in operations for reasons beyond the control of the company, the payment of Central Excise Loan has been delayed. The company has sought re-schedulement of remaining dues of Rs.7.02 crs. under the MDRS.	
B. Remarks contained in Secretarial Audit Report				
i)	The company is registered with the Board for Industrial and Financial Reconstruction (BIFR) and the revival Scheme sanctioned and circulated by BIFR in February, 2012 is under implementation.		Due to losses suffered earlier, the company was registered with BIFR in April, 2001 and since then efforts are being made for revival of its operations. A Revival Scheme was sanctioned and circulated by BIFR in February, 2012 which is under implementation. The projections / parameters stipulated in the Revival Scheme could not be achieved due to various reasons which were beyond the control of the company and the same affected the operational and financial performance of the company resulting in accumulation of various statutory dues.	
ii)	The total dues / outstanding Statutory Liabilities of the company as at the end of financial year 31 st March, 2016 accumulated to Rs.9,534.84 Lacs.			
iii)	The accumulated loss of the company at the end of financial year 31 st March, 2016 amounted to Rs.42,560.16 Lacs against the Capital and Reserve of Rs.4,836.54 Lacs and thereby leaving a negative Net worth of Rs.37,723.62 Lacs.			
			As mentioned earlier in reply to para A.2 (iii) above, the company has since approached BIFR for modification of the Revival Scheme and submitted the MDRS for the purpose.	

iv)	In terms of approved Scheme of Compromise, the preference Shares of the company were to be redeemed in financial years 2009-10, 2010-11 and 2011-12 in equal annual instalment of Rs.2.21 Cr. However, due to non-availability of profit for distribution of dividend or fresh proceeds of shares, the preference shares of the company, under the circumstances, could not be redeemed, based on the legal opinion received by the company.	This is a statement of fact and the preference shares could not be re-deemed due to non-availability of profit for distribution of dividend or fresh proceeds of shares and accordingly the redemption could not be made which was in consonance with the provisions of law. This is also based on legal opinion obtained from an eminent firm of lawyers.
v)	On approval of the Scheme of Compromise by the Hon'ble Calcutta High Court on 21 st November 2006, the preference shares carry a coupon rate of 0.1%. The cumulative dividend, on such shares, from the approval of scheme till the close of the financial year under reporting accumulated to Rs.619,702 (Rs. Six lac nineteen thousand seven hundred two only).	The accumulated dividend of Rs.6.20 lacs on Cumulative Redeemable Preference Shares has been disclosed as contingent liability in Para 1.5 of Note-19 to the Balance Sheet as at 31.03.2016.
vi)	As per the Scheme sanctioned by the BIFR, the unsecured loan of Rs.200 lacs are convertible into equity shares at par with a lock-in period of three years from the date of allotment.	BIFR Sanctioned Scheme provides for conversion of the unsecured loan of Rs.200 lacs brought in by the promoters into equity with a lock-in period of three years from the date of allotment. The scheme however, does not lay down any time frame for conversion of the said loan and the same will be done at appropriate time.
vii)	Several litigations are pending, either filed by or against the company, in the normal course of business.	The reply at Para A.1 above may be referred to.

ON BEHALF OF THE BOARD

(Shailendra Prakash Sinha)
Managing DirectorPlace: Patna
Date: 28.5.2016(B.C. Srivastava)
Director

ANNEXURE - 5**Statement Pursuant to Section 134 of the Companies Act, 2013
Read with the Rule 8(3) of the Companies (Accounts) Rules, 2014.**

- (A) Conservation of energy :**
- (i) the steps taken or impact on conservation of energy; : (a) Replacement of CFL and Incandescent bulbs with LED bulbs in a phased manner.
(b) Utilisation of VFD drive in Cooler fans.
(c) Replacement of DC drive of Gypsum feeding system with VFD.
(d) Optimization of plant start-up sequence.
(e) Minimized idle running of sections.
- (ii) the steps taken by the company for utilizing alternate sources of energy; : (a) Company has conducted a study with the supplier of its Coal Mill to understand the modifications required in the coal firing circuit for use of Pet Coke as a substitute for coal.
(b) The company is investigating installation of a waste heat recovery system that could potentially generate 3MW of power from the exhaust gases of its cement manufacturing line.
(c) Company has conducted site survey for implementation of power generation with solar panels.
Implementation of real time energy monitoring system to monitor and optimize power consumption
- (iii) the capital investment on energy conservation equipments; :
- (B) Technology absorption- :**
- (i) the efforts made towards technology absorption; : Investigation of waste heat recovery system and improved heat recuperation from its clinker cooler unit
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; : Potential savings in fuel and power would lower variable cost of production
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : Not Applicable
- (a) the details of technology imported; :
- (b) the year of import; :
- (c) whether the technology has been fully absorbed; :
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and :

// KALYANPUR //

Cements Limited

- (iv) the expenditure incurred on Research and Development. : Research Fees Rs.3.30 Lacs
- (C) **Foreign exchange earnings and Outgo-** :
The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows. : Foreign Exchange earned – Nil
(Previous Year - Nil)
Foreign Exchange outgo- Nil
(Previous Year- Rs.2.00 Lacs)

ON BEHALF OF THE BOARD

**(Shailendra Prakash Sinha)
Managing Director**

Place: Patna
Date: 28.5.2016

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

ANNEXURE - 6

Kalyanpur Cements Ltd.

Particulars of the employees in receipt of remuneration not below the prescribed limit pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules - 2014

Sl. No.	Particulars	Sri Shailendra Prakash Sinha (Employed throughout the year)	Sri Aditya Prakash Agarwal (Employed throughout the year)
1	Designation	Managing Director	President-Manufacturing
2	Remuneration Received	Rs.64.50 Lacs	Rs.60.38 Lacs
3	Nature of Employment	Contractual	Contractual
4	Qualification & Experience	B.Com, Certificate holder in Hotel Management from Cornell University Senior Executive Programme, Stanford University Experience – 45 Years	B.E.(Hons) EEE from BITS, Pilani Experience – 36 years in various Cement Companies.
5	Date of commencement of Employment	23 rd February, 2007	27 th March, 2015
6	Age of the Employee	66 Years	57 Years
7	Last employment held	Chief Executive, Kalyanpur Cements Ltd.	Joint President, Prism Cements Ltd.
8	Percentage of Equity Shares	Nil	Nil
9	Whether relative of any Director or Manager	N.A.	N.A.

ON BEHALF OF THE BOARD

(Shailendra Prakash Sinha)
Managing Director(B.C. Srivastava)
DirectorPlace: Patna
Date: 28.5.2016

**A KUMAR & ASSOCIATES
COMPANY SECRETARY**

Annexure-7

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members.

**Kalyanpur Cements Limited
2 & 3 Dr. Rajendra Prasad Sarani
(Earlier known as 2 & 3 Clive Row
Kolkata (W.B) - 700001**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KALYANPUR CEMENTS LIMITED (CIN: L26942WB1937PLC009086)**. Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the **Kalyanpur Cements Limited** books, papers, minute books, forms and returns filed and other records maintained by the company, and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March' 2016** complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms, and returns filed and other record maintained by **KALYANPUR CEMENTS LIMITED (CIN: L26942WB1937PLC009086)** for the financial year ended on **31st March' 2016** according to the provisions of:

- i) The Companies Act' 2013 (the Act) and the rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - iii) The Depositories Act, 1996 and the regulations and Bye- Laws framed there under;
 - iv) Foreign Exchange Management Act, 1999 and the rules made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- and
- f) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

- vi) Central Excise Act, 1944;
- vii) Employees Provident Funds & Miscellaneous Provisions Act, 1952;
- viii) Payment of Gratuity Act, 1972;
- ix) Income Tax Act, 1961;
- x) Service Tax Laws;
- xi) Employees State Insurance Act, 1948;
- xii) Memorandum of Association and Articles of Association of the company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (A) The company is registered with the Board for Industrial and Financial Reconstruction (BIFR) and the revival Scheme sanctioned and circulated by BIFR in February, 2012 is under implementation.
- (B) The total dues / outstanding Statutory Liabilities of the company as at the end of financial year 31st March, 2016 accumulated to Rs. 9,534.84 Lacs.
- (C) The accumulated loss of the company at the end of financial year 31st March, 2016 amounted to Rs. 42,560.16 Lacs against the Capital and Reserve of Rs. 4,836.54 Lacs and thereby leaving a negative Net worth of Rs. 37,723.62 Lacs.
- (D) In terms of approved Scheme of Compromise, the preference Shares of the company were to be redeemed in financial years 2009-10, 2010-11 and 2011-12 in equal annual installment of Rs. 2.21 Cr. However, due to non-availability of profit for distribution of dividend or fresh proceeds of shares, the preference shares of the company, under the circumstances, could not be redeemed, based on the legal opinion received by the company.
- (E) On approval of the Scheme of Compromise by the Hon'ble Calcutta High Court on 21st November 2006, the preference shares carry a coupon rate of 0.1%. The cumulative dividend, on such shares, from the approval of scheme till the close of the financial year under reporting accumulated to Rs. 619,702 (Rs. Six lac nineteen thousand seven hundred two only).
- (F) As per the Scheme sanctioned by the BIFR, the unsecured loan of Rs. 200 lacs are convertible into equity shares at par with a lock-in period of three years from the date of allotment.
- (G) Several litigations are pending, either filed by or against the company, in the normal course of business.

I/We further report that:

The Board of Directors of the company is duly constituted with proper balance of Executive Directors and Non-executive Directors and independent as well as non-independent directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance in most cases, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through consensus while the dissenting members' views, wherever applicable, are captured and recorded in the minutes where such members specifically demand for recording the same.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and to ensure compliance with applicable laws, rules, regulations and guidelines.

Name of Company Secretary: Ajay Kumar

Place: Patna

FCS No.: 5204.

Date: 14th May, 2016.

C.P. No.: 3433.

CERTIFICATE

To
The Members of
Kalyanpur Cements Ltd.

We have examined the compliance of conditions of Corporate Governance by KALYANPUR CEMENTS LIMITED, for the year ended on 31st March, 2016 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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 provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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

For & on behalf of
M. MUKHERJEE & CO.
Chartered Accountants

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

Place: Patna
Date : 28.05.2016

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

28th May, 2016

Dear Sir

Sub: CEO/CFO Certification in terms of Regulation 17(B) read with Part-B of Schedule-II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We hereby certify that we have reviewed the Balance Sheet, Profit & Loss Statement, Notes annexed to the Balance Sheet and Profit & Loss Statement and the Cash Flow Statement of the company for the year ended 31st March, 2016 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 and Risk 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 and Risk 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 31.03.2016.
- 1.6 We have not become aware of any significant fraud during the year ended 31st March, 2016.

For KALYANPUR CEMENTS LTD.

(SHAILENDRA P. SINHA)
MANAGING DIRECTOR

(P. K. CHAUBEY)
CHIEF FINANCIAL OFFICER &
CO. SECY.

INDEPENDENT AUDITOR'S REPORT

To the Members of Kalyanpur Cements Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Kalyanpur Cements Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information —

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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
4. 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
 - (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-I" a statement on the matters Specified in paragraphs 3 and 4 of the Order.

8. As required by section 143(3) of the Act, we further report that:

- a) We have sought and 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;
- 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 aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-II" and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has pending litigations which impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

Emphasis on Matters

- (i) As stated in para 1.1 of Note 19 to the Balance Sheet, the claim of BSEB (now South Bihar Power Distribution Company Limited) is disputed in respect of 33 KV power connection. The nature of dispute & the details relating thereto have been explained in the above paragraph of Note 19.
- (ii) In terms of para 4 of Note 19 to the Balance Sheet, Documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. Which assigned its loan earlier granted to the Company to Arcl - Kalyanpur Cements Ltd. Trust.
- (iii) **Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs.7890.52 Lacs for the year amount to Rs.42560.16 Lacs against the capital and reserve of Rs.4836.54 Lacs which leaves a negative networth of Rs.37723.62 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.**

For M Mukerjee & Company
Chartered Accountants

Spandan Sengupta
Partner
Membership No. 135833
Firm Registration No303013E

Place: Patna
Date: 28.05.2016

ANNEXURE- I TO INDEPENDENT AUDITORS' REPORT – 31st MARCH 2016

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (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.
 - As explained to us, fixed assets have been physically verified by the management at regular intervals; In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.
 - In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified during the period by the management. The discrepancies noted on verification between the physical stock and the books were not material and have been properly dealt with in the books of account.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, made any investment or provided any guarantee or security to any party.
- (v) The Company has not accepted any deposits from the public covered under Sections 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under Sub Section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of examination of records of the Company, the company is not regular in depositing the undisputed statutory dues including Provident Fund, Income-tax(TDS), Service Tax, Value Added Tax, Royalty & Cess to the appropriate authorities. The extent of outstanding statutory dues as on 31.3.2016 for a period of more than six months from the date they became payable are given below:-

Sl.No.	Statutory Dues	Outstanding Dues (Rs. in Lacs)
1	Royalty Dues	1508.23
2	VAT Dues	3100.71
3	PF & EPS Dues	1690.66
4	TDS Dues	238.45
5	Cement CESS	12.71
6	Central Excise Duty	154.62
7	Service Tax	26.44

The Central Excise Duty & Employees' State Insurance dues have been generally deposited regularly except some delay in case of Central Excise duty as mentioned above.

b) According to information and as explained to us, there has been no instance wherein Income Tax or Sales Tax or Wealth Tax or Service Tax or duty of Custom or duty of Excise or Value Added Tax or Cess have not been deposited on account of dispute.

- (viii) The company has defaulted in payment of the Central Excise loan of the Government of India disbursed through IFCI Ltd. as referred to in Note 4 to the Balance Sheet.
- (ix) The company has not raised any money by way of initial public offer or further public offer or debt instrument. The funds raised through short term loans have been applied for the purpose for which the same were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Reference is invited to note 20.11 to the Profit & Loss Statement for the year under report.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with the directors or persons connected with him.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For M Mukerjee & Company
Chartered Accountants

Spandan Sengupta
Partner

Membership No. 135833
Firm Registration No303013E

Place: Patna
Date: 28-05-2016

ANNEXURE-II TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Kalyanpur Cements Limited ("the Company") as at 31st March 2016 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Patna
May 28th, 2016

M. MUKERJEE & CO.
Chartered Accountants
24, Netaji Subhas Road
Kolkata-700 001

SPANDAN SENGUPTA
Partner
Membership No: 135833
FRN : 303013E

Balance Sheet as on 31st March, 2016

₹ Lacs

	Note No.	Figures as at the end of Current reporting period ended 31st March, 2016	Figures as at the end of previous reporting period ended 31st March, 2015
I. Equity and Liabilities			
1.0 Shareholders' Funds			
a) Share Capital	1	2,787.14	2,787.14
b) Reserves & Surplus	2	(40,510.76)	(32,620.24)
c) Money received against share warrants		-	-
Total Shareholder's Fund		(37,723.62)	(29,833.10)
2.0 Share application money pending allotment		-	-
3.0 Non-Current Liabilities	3		
a) Long-term borrowings		7,945.85	7,945.85
b) Deferred Tax Liabilities(Net)		0.00	0.00
c) Other Long term Liabilities		2,272.67	3,324.37
d) Long-term provisions		1,731.08	1,630.35
Total Non-Current Liabilities		11,949.60	12,900.57
4.0 Current Liabilities	4		
a) Short-term borrowings		2,060.81	1,452.63
b) Trade Payables		10,063.50	8,203.79
c) Other Current Liabilities		23,469.48	18,435.11
d) Short-term provisions		307.70	125.39
Total Current Liabilities		35,901.29	28,216.92
5.0 Total Equity & Liabilities		10,127.27	11,284.39
II Assets			
1.0 Non-Current Assets			
a) Fixed Assets	5		
i) Tangible Assets		5,500.10	5,823.61
ii) Intangible Assets		1.39	1.39
iii) Capital Work-in-progress		14.58	0.00
iv) Intangible Assets under development		-	-
Total Fixed Assets		5,516.07	5,825.00
b) Non-Current Investments		-	-
c) Deferred Tax Assets (Net)		-	-
d) Long Term Loans & Advances	6	2,025.98	1,987.40
e) Other Non-Current Assets		-	-
Total Non-Current Assets		7,542.05	7,812.40
2.0 Current Assets	7		
a) Current Investments		-	-
b) Inventories		1,499.06	1,835.62
c) Trade Receivables		211.51	164.35
d) Cash & Cash Equivalants		83.42	153.04
e) Short Term Loans & Advances	8	747.77	745.14
f) Other Current Assets	9	43.46	573.84
Total Current Assets		2,585.22	3,471.99
Total Assets		10,127.27	11,284.39
Accounting Policies	18		
Notes to Balance Sheet	19		

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

M.Mukerjee & Co.
Spandan Sengupta
Partner

Chartered Accountants
Membership No. 135833
FRN - 303013E

24, Netaji Subhas Road,
Kolkata 700 001
Camp : Patna
Date : 28 May, 2016

P.K.Chaubey
Chief Financial Officer
& Company Secretary

Shalindra Prakash Sinha
Managing Director

Dr. K.C. Varshney
Director

B.C.Srivastava
Director

Profit & Loss Statement for the year ended 31st March,2016

₹ Lacs

Particulars	Note No.	Figures for the Current reporting period ended 31st March,2015	Figures for the previous reporting period ended 31st March,2015
I Revenue			
1 Revenue from Operations	10		
Sales Revenue		16,853.72	19,830.88
Less:Excise Duty		2,464.48	2,678.17
Revenue from Operations (Net)		14,389.24	17,152.71
II Other Income	11	959.13	2,733.12
III Total Revenue		15,358.37	19,885.83
IV Expenses			
1 Cost of Materials Consumed	12	2,067.80	2,436.82
2 Other Manufacturing Expenses	13	12,243.35	12,981.41
3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	14	31.48	(197.71)
4 Employee benefits Expenses	15	3,826.96	3,691.25
5 Finance Costs	16	1,965.50	1,195.77
6 Depreciation and Amortisation		362.79	487.19
7 Freight & Selling Expenses		2,158.16	2,230.46
8 Other Expenses	17	592.84	531.48
9 Total Expenses		23,248.89	23,356.67
V Profit before exceptional and extraordinary items and Tax(III-IV)		(7,890.52)	(3,470.84)
VI Exceptional Items			
VII Profit before extraordinary items and Tax(V-VI)		(7,890.52)	(3,470.84)
VIII Extraordinary Items			
IX Profit before Tax(VII-VIII)		(7,890.52)	(3,470.84)
X Tax Expenses:			
XI Profit(Loss)for the period from continuing operations(IX-X)		(7,890.52)	(3,470.84)
XII Earnings per equity share:			
1 Basic		(37.13)	(16.33)
2 Diluted		(37.13)	(16.33)
Accounting Policies	18		
Notes to Profit & Loss Statement	20		

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

24, Netaji Subhas Road,
Kolkata 700 001
Camp : Patna
Date : 28 May,2016

M.Mukerjee & Co.
Spandan Sengupta
Partner
Chartered Accountants
Membership No. 135833
FRN - 303013E

P.K.Chaubey
Chief Financial Officer
& Company Secretary

Shailendra Prakash Sinha
Managing Director

Dr. K.C. Varshney
Director

B.C.Srivastava
Director

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Particulars	NOTE - 1	
	(₹ Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
1.1 SHARE CAPITAL		
Authorised Capital		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each	661.76	661.76
2,00,82,351 Unclassified Preference Share of Rs. 10/- each	2,008.24	2,008.24
Equity Shares		
7,00,00,000 Equity Shares of Rs 10/- each	7,000.00	7,000.00
Total	9,670.00	9,670.00
Issued & Subscribed Capital		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each	661.76	661.76
21,267,965 Equity Shares of Rs 10/- each	2,126.80	2,126.80
Total	2,788.56	2,788.56
Paid-up Capital		
Preference Shares		
44,11,766 0.1% Cumulative Redeemable Preference Shares of Rs.15/- each	661.76	661.76
21,249,054 Equity Shares of Rs 10/- each	2,124.91	2,124.91
Add :Forfeited Shares (Amount originally paid-up)	0.47	0.47
Total	2,787.14	2,787.14

- 1.2 Redemption of Preference Shares: In terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court, the Preference shares were to be redeemed in three annual installments i.e. 2009-10, 2010-11 and 2011-12 @ Rs. 2.21 Crs. every year. The Companies Act, 1956, as well as the Companies Act, 2013, provide 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 31.03.2016		As on 31.03.2015	
		No. of shares	Holding(%)	No. of shares	Holding(%)
1	Maurya Management Pvt.Ltd.	1,125,342	5.31	1,125,342	5.31
2	Asset Reconstruction Co. (India) Ltd.	3,079,000	14.49	3,079,000	14.49
3	Elate Investments & Holdings (Pvt.) Ltd.	5,420,000	25.51	5,420,000	25.51
4	Vivid Colors Pvt. Ltd.	10,200,000	48.00	10,200,000	48.00
	Total	19,824,342	93.31	19,824,342	93.31

- 1.6 The Preference Shares carry the preferential rights as provided in the Companies Act 2013. 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,2013.
- 1.7 No Shares have been reserved for issue under options and contracts /commitments for the sale of shares / disinvestments.
- 1.8 No shares have been allotted as fully paid up pursuant to contracts without payment being received in cash.
- 1.9 No bonus shares have been issued and no shares have been bought back.
- 1.10 No convertible securities are outstanding at the end of the reporting period nor any calls are unpaid.

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 2

₹ Lacs

Particulars	As at 31st March,2016	As at 31st March,2015
RESERVES AND SURPLUS		
Capital Reserves	0.11	0.11
As per last account		
Security Premium Reserve	2,049.29	2,049.29
As per last account		
Surplus		
As per last account	(34,669.64)	(31,198.80)
Add: Net Profit/(Loss) transferred from Profit/(Loss) Statement	(7,890.52)	(3,470.64)
Surplus i.e. balance in Profit & Loss Statement	(42,560.16)	(34,669.64)
Total	(40,510.76)	(32,620.24)

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 3

Particulars	₹ Lacs)	
	As at 31st March,2016	As at 31st March,2015
3.1 Non-Current Liabilities		
(a) Long Term Borrowings		
1 Bonds / Debentures (Secured)		
Non-Convertible Debentures		
Assets Care & Reconstruction Enterprise Ltd.	7,945.85	7,945.85
Total	7,945.85	7,945.85
(b) <u>Deferred Tax Liabilities (Net)</u>		
(c) Other Long Term Liabilities (Unsecured)		
1 Unsecured Loan from Related Parties	100.00	100.00
2 Other Long Term Liabilities (Unsecured)	2,172.87	3,224.37
Total	2,272.87	3,324.37
(d) Long Term Provisions		
1 Accrued Leave Liabilities	307.13	269.60
2 Accrued Gratuity Liabilities	1,423.95	1,380.75
Total	1,731.08	1,630.35
Total	11,949.80	12,900.57

- 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 earlier held by the Strategic Investors under the Scheme of Compromise approved by the Hon'ble Calcutta High Court, 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. 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. On repayment of the consideration amount of Rs. 15.65 Crs. by the Company to ACRE Ltd., the transaction would be concluded as per the MOU dated 28th June, 2013 read with the Settlement Agreement dated 11.09.2015 between the Company and ACRE Ltd.
- 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, 2016	As at 31st March, 2015			
4.1 Current Liabilities					
(i) Short Term Borrowings					
(a) Loan Repayable on Demand Loans from Banks	38.28	73.74			
(b) Other Loans & Advances	2,022.33	1,378.89			
Total	2,060.61	1,452.63			
(ii) Trade Payables					
(a) Sundry Creditors for Supply & Services	10,023.74	8,147.85			
(b) Sundry Creditors -Micro and Small Enterprises	39.76	55.94			
Total	10,063.50	8,203.79			
(iii) Other Current Liabilities					
(a) Current Maturities of Long Term Debts Excise Loan from Govt. of India	702.37	702.37			
(b) Interest Accrued and due on Borrowings	303.13	190.57			
(c) Interest Accrued and due on Statutory Liabilities	2,155.12	1,051.29			
(d) Unpaid Matured Debentures	-	-			
(e) Other Payables	20,308.86	16,500.88			
Total	23,469.48	18,435.11			
(iv) Short Term Provisions					
(a) Provision for Employee Benefits Accrued Leave Liabilities	8.90	11.55			
Accrued Gratuity Liabilities	129.13	112.45			
Bonus	169.67	1.39			
(b) Others					
Total	307.70	125.39			
Total	35,901.29	28,216.92			
4.2 Loans from Banks (Sl.No.(i)(a) include the loans of Rs. 0.00 Lacs (Prev.Yr.Rs.33.96 Lacs) against Fixed Deposits and overdraft of Rs.38.28 Lacs(Prev.Yr.Rs.39.78 Lacs).					
4.3 Status of Security	As on 31st March, 2016	As on 31st March, 2015			
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	702.37			
Total	702.37	702.37			
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 Details of continuing defaults					
Sl. No.	Name of Lenders	Default as on 31st Mar'16	Period of Default	Default as on 31st Mar'15	Period of Default
1	Excise Loan from Govt. of India	702.37	Payable upto 31st Mar'15	702.37	Payable upto 31st Mar'15
	Total	702.37	-Do-	702.37	-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-Mar-15 (1)	Additions during Year 2015-16 (2)	Sold or Discarded during Year 2015-16 (3)	Cost upto 31-Mar-16 (4)	Depreciation upto 31-Mar-15 (5)	Adjustment of depreciation on Sold/ Discarded Assets 2015-16 (6)	Provision for depreciation 2015-16 (7)	Total Depreciation upto 31-Mar-16 (5-6+7) (8)	As on 31-Mar-16 (9)	As on 31-Mar-15 (10)	
Tangible Assets												
1	Land	3.71	0.00	0.00	3.71	0.00	0.00	0.00	0.00	0.00	3.71	3.71
2	Quarry Development	1,805.21	0.00	0.00	1,805.21	1,245.38	0.00	0.00	34.43	1,279.81	325.40	359.83
3	Plant & Machinery	24,401.11	0.00	0.00	24,401.11	19,977.15	0.00	0.00	247.01	20,224.15	4,176.95	4423.96
4	New Building Factory	1,729.70	0.00	0.00	1,729.70	1,143.81	0.00	0.00	56.96	1,200.77	528.93	585.89
5	New Building Non-factory	445.68	0.00	0.00	446.68	147.87	0.00	0.00	7.13	155.00	291.68	298.61
6	Railway Siding	670.47	0.00	0.00	670.47	622.22	0.00	0.00	0.68	622.90	47.57	48.26
7	Furniture & Fittings	45.64	15.82	0.00	61.46	33.14	0.00	0.00	2.96	36.10	25.36	12.5
8	Motor Cars	79.04	0.00	0.00	79.04	48.40	0.00	0.00	6.10	54.50	24.54	30.64
9	Roads & Bridges	10.36	0.00	0.00	10.36	9.83	0.00	0.00	0.00	9.83	0.53	0.53
10	Office Equipments	284.69	10.86	0.00	295.55	241.92	0.00	0.00	6.10	248.02	47.53	42.77
11	Electrical Equipments	128.85	12.60	0.00	141.45	112.14	0.00	0.00	1.42	113.56	27.90	16.72
Total Tangible Assets		29,405.47	39.28	0.00	29,444.75	23,581.86	0.00	0.00	362.79	23,944.65	5,500.10	5,823.61
Intangible Assets												
1	Software	5.85	0.00	0.00	5.85	4.49	0.00	0.00	0.00	4.49	1.39	1.39
Total Tangible & Intangible Assets		29,411.35	39.28	0.00	29,450.63	23,586.35	0.00	0.00	362.79	23,949.14	5,501.49	5,825.00
Figures for Previous Year		29,385.66	25.90	0.21	29,411.35	23,099.16	0.00	0.00	487.19	23,586.35	5,825.00	

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

NOTE - 6

('₹ Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
6.1 Non-Current Assets		
Long Term Loans & Advances		
a) Capital Advance	-	-
(b) Security Deposits	311.63	316.69
c) Other Loans & Advances	1,714.35	1,670.71
Total	2,025.98	1,987.40
	As at 31st March, 2016	As at 31st March, 2015
6.2 Nature of Securities		
Secured, considered good	-	-
Unsecured, considered good	2,025.98	1,987.40

NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**NOTE - 7**
(₹ Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
7.1 Current Assets		
(i) Current Investments	0	0
(ii) Inventories		
(a) Raw Materials	187.23	91.21
(b) Work in Progress	240.61	311.88
(c) Finished Goods	111.66	173.87
(e) Stores & Spares	959.56	1,258.66
Total	1,499.06	1,835.62
(iii) Trade Receivable		
(a) Trade Receivable due for a period exceeding 6 Months	74.71	83.62
(b) Trade Receivable due for a period upto 6 Months	136.80	80.73
Total	211.51	164.35
(iv) Cash & Cash Equivalents		
(a) Balance with Banks	31.21	76.57
(b) Cheques, Drafts on hand	20.07	21.04
(c) Cash on hand	16.44	5.08
(d) Other Bank Balances (FDs)	15.70	50.35
Total	83.42	153.04
Total Current Assets	1,793.99	2,153.01

7.2 Method of valuation of inventory

Inventory has been valued as under

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

7.3 Classification of Trade Receivables based on the nature of security

- | | | |
|-------------------------------|--------|--------|
| a) Secured, considered good | 1.07 | 1.07 |
| b) Unsecured, considered good | 210.44 | 163.28 |
| 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 | 15.60 | 15.10 |
| (ii) Fixed deposit with more than 12 month maturity | 0.10 | 0.10 |
| (iii) Bank deposit held as security for borrowings | 0.00 | 35.16 |
| 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. 12.21 lacs and Rs. 21.28 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,2016	As at 31st March,2015
8.1 Short Term Loans & Advances		
(a) Loans & Advances to related parties	-	-
(b) Loans & Advances to Others	364.68	466.73
(c) Excise Duty Advance	177.28	72.60
(d) TDS/Entry Tax	205.81	205.81
Total	747.77	745.14

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

a) Secured, considered good		
b) Unsecured, considered good	747.77	745.14
c) Doubtful	-	-

8.3 Loans & Advances due by Directors or other officers of the Company or by specified class of firms or private companies.**NOTE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET****NOTE - 9**

(₹ Lacs)

Particulars	As at 31st March,2016	As at 31st March,2015
Other Current Assets		
(a) Prepaid Railway Freight	15.20	27.90
(b) Other Receivables	28.26	545.94
(c) Others	-	-
Total	43.46	573.84

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

NOTE - 10

(₹ Lacs)

Particulars	For The Year Ended 31-Mar-16	For The Year Ended 31-Mar-15
Revenue from Operations		
Sale of Products	16,850.29	19,817.09
Other Operating Revenue	13.43	13.79
Total	16,863.72	19,830.88
Less:		
Excise Duty	2,464.48	2,678.17
Total	14,399.24	17,152.71

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

NOTE - 11

(₹ Lacs)

Particulars	For The Year Ended 31-Mar-16	For The Year Ended 31-Mar-15
Other Income		
1 Value Added Tax Reimbursement (Refer 3.0 of Note 20 on Profit & Loss Statement)	0.00	508.09
2 Profit on Sale of Assets (Refer 10.0 of Note 20 on Profit & Loss Statement)	0.00	1,839.77
3 Interest Income On Fixed Deposit - Banks (including TDS Rs.0.17 Lac Current Year, Prev. Year Rs.0.30 lac)	3.44	3.04
4 Dividend Income	0.00	0.00
5 Other non-operating income	955.69	382.22
Total	959.13	2,733.12

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

NOTE - 12

(₹ Lacs)

Particulars	For the Year ended 31st March,2016	For the Year ended 31st March,2015
Cost of Materials Consumed		
Gypsum	568.81	681.01
Fly Ash	1,124.27	1,383.91
Iron Ore	320.49	365.30
Clinker	23.07	0.00
Lime stone	0.00	6.60
Red Mud	31.16	0.00
Total	2,067.80	2,436.82

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

NOTE - 13

(₹ Lacs)

Particulars	For the Year ended 31st March,2016	For the Year ended 31st March,2015
Other Manufacturing Expenses		
Power & Fuel	9,102.35	9,611.47
Consumption of Stores & Spare Parts	637.85	686.47
Consumption of Packing Materials	648.08	849.37
Repairs to Buildings	0.00	0.00
Repairs to Machinery	385.64	568.67
Repairs to Others	39.14	20.41
Mining Equipment Handling Charges	784.82	766.22
Royalty & Cess	534.61	359.26
Freight & Transport Charges	110.87	119.54
Total	12,243.36	12,981.41

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 14****(₹ Lacs)**

Particulars	For the Year ended 31st March,2016	For the Year ended 31st March,2015
14.1 Changes in inventories		
Closing Stocks		
Limestone	104.11	2.11
Materials - in - process	240.61	311.88
Finished goods	111.66	173.87
Total Closing Stocks	456.38	487.86
Opening Stocks		
Limestone	2.11	10.80
Materials - in - process	311.88	164.63
Finished goods	173.87	114.72
Total Opening Stocks	487.86	290.15
Changes in Inventories		
Limestone	(102.00)	8.69
Materials - in - process	71.27	(147.25)
Finished goods	62.21	(59.15)
Total Variation in Stocks	31.48	(197.71)

- 14.2 The Excise Duty amounts related to the closing and opening stock of Finished Goods amounting respectively to Rs. 12.21 lacs and Rs. 21.28 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 31-Mar-16	For The Year Ended 31-Mar-15
Employee Benefits Expense		
Salaries & Wages	2,743.24	2,648.07
Bonus and Leave Wages	242.15	106.62
Directors' Salary & Benefits	102.45	114.23
Contribution to Provident & Superannuation Funds (including Rs. 7.60 Lac for Directors' provident fund-Prev. Year Rs.8.35 lac)	251.37	273.01
Staff Welfare Expenses	487.75	549.32
Total	3,826.96	3,691.25

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 16****(₹ Lacs)**

Particulars	For The Year Ended 31-Mar-16	For The Year Ended 31-Mar-15
Finance Costs		
Interest Expense		
1 On Borrowings	549.30	581.32
2 On BSEB & Statutory Dues	1,407.23	605.64
3 On Security Deposits	8.97	8.81
Total	1,965.50	1,195.77

NOTE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS STATEMENT**NOTE - 17****(₹ Lacs)**

Particulars	For The Year Ended 31-Mar-16	For The Year Ended 31-Mar-15
Other Expenses		
1 Rent	32.77	52.89
2 Insurance	41.30	41.32
3 Rates & Taxes	2.62	6.76
4 Other Overhead Expenses		
Auditors Remuneration & Expenses		
Auditors	4.60	3.90
For Management Services	0.35	0.30
For reimbursement of expenses	2.50	3.60
Legal Expenses	19.25	21.65
Printing, Stationery & Advertisement	12.37	14.23
Postage, Telegram, Telephone & Lighting	23.32	22.08
Travelling & Motor Car Expenses	128.64	134.60
Miscellaneous Expenses	100.45	106.46
Bank Charges & Commission	7.42	9.41
Directors' Fee for Board Meeting	3.40	2.20
Research Fees	3.30	3.61
Commission on Sales	45.24	50.01
Consultation Fees & Expenses	165.31	53.74
Right Issue Expenses	0.00	4.72
Total Other Expenses	592.84	531.48

KALYANPUR CEMENTS LIMITED**ACCOUNTING POLICIES ON BALANCE SHEET AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016.****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 123 of the Companies Act, 2013 read with Schedule II thereof. 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 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.
9. Dividend: Revenue is recognised when the right to receive is established.
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 LIMITEDNOTES ON BALANCE SHEET AS ON 31ST MARCH, 2016.

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.

Fuel Supply Agreement between Central Coalfields Limited and the company:

- 1.2 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 FSA on 30.4.2013 on the ground of lifting of 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.

Disputed claim of Royalty on Shale;

- 1.3 The Company used some of the reject material from the limestone mines during the period October'99 to October, 2003. Such material, on the basis of the chemical composition mainly Cao and Mgo, is "Shale" as per the Mining Plan of one of our Mines approved by Indian Bureau of Mines (IBM). Shale attracts royalty @ 10% of the sale price on ad-valorem basis. Since Shale did not have any alternate use, no sale price could be determined for the same. The Mines and Geology Deptt., Government of Bihar had however earlier decided to levy royalty on Shale at the rate applicable to "ordinary clay" under the minor mineral. The company accordingly had agreed to pay royalty on Shale as applicable to ordinary clay. Later the Mines Department issued demand and a certificate for recovery of the royalty on such material treating the same as limestone. The company has not accepted the differential amount of royalty which amounts to Rs.43.30 Lacs. Since the matter is still under consideration of the department, this has been treated as contingent liability. In addition, the company has sought waiver of interest on the said dues.

1.4 Unexecuted Capital Commitments : Estimated amount of Contracts remaining to be executed on Capital Account and not provided for amount to Rs. 77.76 Lacs (Previous Year Rs. 28.18 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'16 amounted to Rs. 6.20 lacs.

1.6 Counter-guarantees given by the Company : Counter Guarantees to Banks in respect of Guarantees given by them amount to Rs.12.10 Lacs (Previous Year Rs.13.10 Lacs).

2.0 As per the Rehabilitation Scheme sanctioned by BIFR, the deferred sales tax dues amounting to Rs. 700.16 lacs have been scheduled to be paid during 2014-15. Considering the present financial position, the company could not pay the deferred sales tax dues during 2014-15 and has sought reschedulement thereof through the proposed Modified Draft Rehabilitation Scheme submitted to BIFR.

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 sanctioned a Revival Scheme in the hearing held on 24.10.2011 and issued the same vide letter dt. 3.2.2012. The Scheme is under implementation. However, considering the deviations from the parameters laid down in the sanctioned scheme due to various economic reasons, the company has approached the Hon'ble BIFR for Modification of the Sanctioned Scheme including VAT Reimbursement for additional period of 2 ½ years as provided in the Sanctioned Scheme.

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. 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. 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 PVLtd.	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	31.03.16	31.03.15
Mr. Shailendra Prakash Sinha	Key Management Personnel	Remuneration	64.50	62.35	51.24	28.75
Mr. Anant Prakash Sinha	Key Management Personnel	Remuneration	45.55	58.44	43.18	25.51
Mr. Siddharth Prakash Sinha	Key Management Personnel	Remuneration	56.95	49.14	50.70	22.51
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 6.0A	Interest on Priority Debts	58.50	58.50	650.00	650.00

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

	2015-16		2014-15	
	Long Term	Short Term	Long Term	Short Term
1.Security Deposits with BSEB, Railway & Govt. Agencies	311.63		316.69	
2. Capital Advance	0.00		0.00	
3.Advances to BSEB and Sales Tax	291.96		291.96	
4.Advance for Supply, Services & Others	1422.39	348.83	1378.75	446.06
5.Advance to Employee & Others		15.85		20.67
6.Excise Duty Advance		177.28		72.60
7.Advance Tax (Refunds / adjustment)		205.81		205.81
8.Total	2025.98	747.77	1987.40	745.14

10.0 The Actuarial Valuation of Gratuity and Leave wages has been made as on 31.03.2016. The requisite disclosure under AS15 is given as under.

The principal assumptions used in actuarial valuation are as below

- Discount rate	7.76%
- Expected rate of return on assets	N.A.
- Expected rate of salary increase	5.00%

Gratuity Leave Encashment

Change in present value of obligations

- Present value of obligations as at 01.04.2015	1473.20	281.15
- Interest cost	114.17	21.79
- Current service cost	65.83	28.24
- Benefits paid	(147.50)	(27.81)
- Actuarial loss/ (Gain) on obligations	<u>47.37</u>	<u>12.64</u>
- Present value of obligations as at 31.03.2016	<u>1553.08</u>	<u>316.02</u>
Change in fair value of plan assets	Not Applicable	Not Applicable
Liability recognized in Balance Sheet		
- Present value of obligations as at 31.03.2016	1553.08	316.02
- Fair value of plan assets as at the end of the year	-	-
- Funded status (Deficit)	1553.08	316.02
- Unrecognised Actuarial (Gain) / Loss	-	-
- Net (Liability) recognized in Balance Sheet	<u>1553.08</u>	<u>316.02</u>
Classified as Long Term Provision	1423.95	307.13
Classified as Short Term Provision	129.13	8.90

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, 2015
- iii) Actual date of submission of the Cost Audit Report : 26th September, 2015

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 31.3.2016.

Shailendra Prakash Sinha
MANAGING DIRECTOR

Dr. K.C.Varshney
DIRECTOR

M. MUKERJEE & CO.
CHARTERED ACCOUNTANTS

24, Netaji Subhas Road Spandan Sengupta
Kolkata-700 001 PARTNER
Membership No :135833

P.K.Chaubey
CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY

B.C.Srivastava
DIRECTOR

CAMP:Patna
Date : 28 May 2016

KALYANPUR CEMENTS LIMITED**NOTES ON PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016****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 and as provided in the Sanctioned Scheme. At the end of the scheme period, the total VAT reimbursement amount would be Rs. 165.04 Crs.

In view of the unsatisfactory operations of the company due to various economic reasons and particularly the lime stone problem, the company could not pay Value Added Tax (VAT) during the current financial year also and therefore no VAT reimbursement could be received from the State Govt. during 2014-15 & 2015-16 except the reimbursement of Rs.5.09 crores pertaining to the earlier period i.e. Jan-Mar,2014 quarter. This amount was utilized, as provided under the Revival Scheme, for payment of a part of the Sales tax exemption amount, which was due to be paid in financial year 2013-14.

4.0 Capacities, Production, Sales and Stocks :

	2015 -16		2014 - 15	
	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	4.39		4.80	
iii) Sales				
a)Cement	4.39	16850.29	4.79	19817.09
b)Clinker	0.00	0.00	0.00	0.00
iv) Stocks :				
Opening	0.04	173.87	0.03	114.72
Closing	0.02	111.66	0.04	173.87

5.0 Raw materials consumed - Totally Indigenous :

	2015 - 16		2014 -15	
	Lac Tonnes	Rs. Lacs	Lac Tonnes	Rs. Lacs
i) Limestone	4.29	1734.49*	4.76	1564.91*
ii) Gypsum	.16	568.81	.17	681.01
iii) Iron Ore/Red Mud	.18	351.65	.15	365.30
iv) Fly Ash	1.21	1124.27	1.30	1383.91
v) Limestone Purchase	.00	0.00	.004	6.60
vi)Clinker Purchase	.01	23.07		

* 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	0.00	10.11
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(b) Expenditure in Foreign Currency on account of Royalty & know-how, Professional and Consultation fees, Foreign Travel, Interest & other matters. 0.00 2.00

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

i) Indigenous (Rs. in Lacs)	2705.26	3104.46
% of Total Consumption	100.0%	99.4%
ii) Imported (Rs. in Lacs)	0.39	18.83
% of Total Consumption	0.0%	0.6%
iii) Total (Rs. in Lacs)	2705.65	3123.29
% of Total Consumption	100%	100%

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

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

	2015-16	2014-15
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

	2015-16 Rs. Lacs	2014-15 Rs. Lacs
i) Salary	63.30	70.68
ii) Other Allowances and benefits	39.15	43.55
iii) Company's Contribution to PF	7.60	8.35
Sub-Total (As per Note-15)	110.05	122.58
iv) Director's fees (As per Note-17)	3.40	2.20
v) Total	113.45	124.78

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 the Company has sold its surplus land situated at Dehri-on-sona in Rohtas district of Bihar.

11.0 The tenure of Mr. Shailendra Prakash Sinha, the Managing Director ended on 22.02.2016. The Board of Directors re-appointed him as Managing Director for a further period of three years w.e.f. 23.2.2016. Approval for re-appointment has been granted by the shareholders also. The Nomination & Remuneration Committee, the Board of Directors and the Shareholders have also approved the remuneration payable to him during the period of re-appointment. The approval of the Central Govt. has been sought and the same is awaited.

- 12.0 The Depreciation has been provided as per the provisions of Schedule II to the Companies Act, 2013. In case of the Plant & Machinery which is continuous process plant, the Company earlier had estimated 18 years as the useful life of the Plant and the same being lower than the useful life now prescribed in Schedule II, the Company continues to charge depreciation based on the earlier estimated useful life.
- 13.0 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 31.03.2016.

Shailendra Prakash Sinha
MANAGING DIRECTOR

Dr. K.C.Varshney
DIRECTOR

M. MUKERJEE & CO.
CHARTERED ACCOUNTANTS

24, Netaji Subhas Road
Kolkata-700 001

Spandan Sengupta
PARTNER
Membership No :135833

P.K.Chaubey
CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY

B.C.Srivastava
DIRECTOR

CAMP:Patna
Date : 28 May 2016

KALYANPUR CEMENTS LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

Rs. in Lacs

Particulars	2015-16 Apr'15-Mar'16 Audited	2014-15 Apr'14-Mar'15 Audited
Cashflow from Operating Activities		
Net Profit/(Loss) before Taxation	(7,890.52)	(3,470.84)
Adjustment for:		
Interest & Other Financial Charges Provided	1,965.50	1,195.77
Depreciation and Amortisation	362.79	487.19
Extraordinary Items	0.00	0.00
Operating Profit/(Loss) before Working Capital Changes	(5,562.23)	(1,787.88)
(In)/Decrease in Receivables	(47.16)	40.04
(In)/Decrease in Inventories	336.56	173.36
(In)/Decrease in Loans & Advances	527.75	670.88
In/(De)crease in Current Liabilities	6,670.34	2,389.16
Cash generated from Operating Activities	7,487.49	3,273.44
Cashflow from Investing Activities		
(In)/Decrease in Fixed Assets incl. Capital WIP	(53.86)	(25.69)
Cashflow from Investing Activities	(53.86)	(25.69)
Cashflow from Financing Activities		
In/(De)crease in Share Capital	0.00	0.00
(In)/Decrease in Non-Current Assets	(38.58)	220.10
In/(De)crease in Non-Current Liabilities	263.06	(569.55)
(In)/Decrease in Investments	0.00	0.00
Repayment of Debts	(200.00)	0.00
Interest & Other Financial Charges Paid	(1,965.50)	(1,195.77)
Net Cashflow from Financing Activities	(1,941.02)	(1,545.22)
Net In/(De)crease in Cash or Cash equivalent	(69.62)	(85.35)
Cash & Bank Balance		
At the beginning of the period	153.04	238.39
At the end of the period	83.42	153.04
Cash & Bank Balance comprise of :		
Cash on hand	16.44	5.08
Cheques on hand	20.07	21.04
Balance with Banks	46.91	126.92
Total	83.42	153.04

This is the Cashflow Statement referred to in our report of even date

Shailendra Prakash Sinha
MANAGING DIRECTOR

Dr. K.C.Varshney
DIRECTOR

M. MUKERJEE & CO.
CHARTERED ACCOUNTANTS

24, Netaji Subhas Road
Kolkata-700 001

Spandan Sengupta
PARTNER
Membership No :135833

P.K.Chaubey
CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY

B.C.Srivastava
DIRECTOR

CAMP:Patna
Date : 28 May 2016

KALYANPUR CEMENTS LIMITED

CIN L26942WB1937PLC009086

REGISTERED OFFICE: 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001

Tel: +91 33 22302977/6470, Fax: +91 33 22301909

Email: kalyanpur_ecdrld@bsnl.in; Website: www.kalyanpur.com.**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 76th Annual General Meeting of the Shareholders of the Company will be held at The W.M. Hall, The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Third Level, Kolkata – 700 001 on Monday, the 26th September, 2016 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anant Prakash Sinha (DIN 00089643) who retires by rotation and is eligible for re-appointment.

3. Appointment of Auditors

To consider and if thought fit to pass 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 Ashok Kumar Dutta (DIN : 01880668) as Director of the Company**

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

"Resolved that Shri Ashok Kumar Dutta (DIN 01880668) who was appointed as a Special Director by the Board for Industrial and Financial Reconstruction (BIFR) pursuant to the provisions of section 16(4) of the Sick Industrial Companies (Special Provisions) Act, 1985 for a period of five years and who was co-opted by the Board of Directors of the Company as a Director on the Board with effect from 7th November, 2015 be and is hereby appointed as a Director of the Company for a period of 5 years from the date of such appointment i.e. 7th November, 2015."

5. Ratification of remuneration of Cost Auditor

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and all other applicable provisions (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, be paid the remuneration as set out in the explanatory statement annexed hereto;

Resolved further that the Cost Auditors be reimbursed the expenses on actual basis, if any, as incurred by them in relation to conduct of the Cost Audit.

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Kolkata

Date: 29th July, 2016**BY ORDER OF THE BOARD**
For Kalyanpur Cements Limited**P.K. Chaubey**
Chief Financial Officer & Company Secretary
(Membership No. ACS 3564)

Notes:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the businesses under Item Nos. 4 & 5 of the Notice is annexed hereto. The relevant details of persons seeking appointment/re-appointment as directors under Item Nos. 2 and 4 of the Notice are also annexed. The details in respect of all the directors of the company have also been provided in para 2 of the report on Corporate Governance (Annexure - 3) incorporated in the Directors' Report for the year under consideration.
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 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 19th September, 2016 to 26th September, 2016, 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 Link Intime 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. Rajendra 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, Chowringee 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. Complete particulars of the venue of the Meeting including route map and prominent land mark for easy location is enclosed for the convenience of the members. The same has also been hosted at the website of the Company at www.kalyanpur.com

12. 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.
13. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 as amended vide Companies (Management and Administration) Amendment Rules, 2015 and the new Listing Regulations, the Company is pleased to provide to the Members facility of voting by electronic means in respect of businesses to be transacted at the 76th Annual General Meeting (AGM) through remote e-voting (i.e. voting electronically from a place other than the venue of the general meeting). The Company also proposes to provide the option of voting by means of Ballot Form at the venue of AGM in addition to the electronic voting through remote e-voting facility. The company has engaged the services of Central Depository Services (India) Ltd. (CDSL) for facilitating voting by electronic means and the business may be transacted through e-voting services provided by CDSL. The facility for voting through ballot form will be provided at the meeting and the members who have not cast their vote through remote e-voting may cast their vote at the meeting by ballot form. The members who cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

Shri A.K. Labh, Practicing Company Secretary (FCS – 4848 / CP-3238) of M/s. A.K. Labh & Co., Company Secretaries who consented to act as the Scrutiniser, was appointed by the Board of Directors as the Scrutinizer to conduct the voting process (electronically or otherwise) at the 76th Annual General Meeting of the Company in a fair and transparent manner and submit a consolidated Scrutiniser's report of the total votes cast to the Chairman or a person authorised by Board in this behalf.

14. The results shall be declared, on submission of the report by the Scrutinizer, within the period of three days from the conclusion of the Annual General Meeting as stipulated in the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015. The results declared along with the scrutinizer's report shall be placed on the Company's website www.kalyanpur.com and sent to CDSL for posting on their website soon after declaration of the result. The result will be communicated to the Stock Exchanges where the shares of the company are listed.

15. The instructions for Voting

15.1 The instructions for shareholders voting electronically under remote e-voting are as under:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the new Listing Regulations, the company hereby provides to the members the facility to exercise their right to vote at the 76th Annual General Meeting (AGM) by electronic means through remote e-voting as well as by way of Ballot Form at the AGM and thus the business may be transacted through e-voting services provided by Central Depository Services (India) Ltd. (CDSL) or voting by ballot form. The following are the instructions for e-voting purpose.

- (i) The voting period begins on 23rd September, 2016 at 9.00 a.m and ends on 25th September, 2016 at 5.00 p.m. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 19th September, 2016, 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 during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the Electronic Voting Sequence Number (EVSN) 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 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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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. 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's Folio Number 1 then enter RA00000001 in the PAN field.
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 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.
- 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 under help section or write an email to helpdesk.evoting@cdslindia.com.

15.2 Instructions for Voting through Ballot Form

The Shareholders who are not able to vote electronically under remote e-voting arrangement may vote through the Ballot Form at the venue of the Annual General Meeting. The detailed instructions for voting through Ballot Form will be provided at the time of the meeting.

Place: Kolkata
Date: 29th July, 2016

**BY ORDER OF THE BOARD
For Kalyanpur Cements Limited**

**P.K. Chaubey
Chief Financial Officer & Company Secretary
(Membership No. ACS 3564)**

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 the items under "Special Business" mentioned at Sl. Nos. 4 & 5 of the notice. The profile of Shri Anant Prakash Sinha who is proposed to be reappointed (Item No. 2) and Shri Ashok Kumar Dutta who is proposed to be appointed as director (Item No. 4) in this meeting are provided below.

Item No. 2

Reappointment of Shri Anant Prakash Sinha (00089643) as a Director of the Company

Shri Anant Prakash Sinha – Shri Anant Prakash Sinha (49) is an Electronic Engineer from Birla Institute of Technology, Ranchi and an MBA from Kellogg Grad School, USA.

He has worked with St. Lawrence Cement Company, Canada and is presently associated as director with Differential Technologies Ltd. and Canterbury Results (P) Ltd. He has over 22 years of experience. He does not hold any share in the Share Capital of the Company. None of the directors, Key Managerial Personnel or their relatives is interested in the resolution.

Item No. 4

Appointment of Shri Ashok Kumar Dutta (01880668) as a Director of the Company

The Board for Industrial and Financial Reconstruction (BIFR), in exercise of the powers conferred upon it under section 16(4) of the Sick Industrial Companies (Special Provisions) Act, 1985 vide its letter No. 16(4)/2/2011/BIFR/SD.Apptt. dated 20th October, 2015 appointed Shri Ashok Kumar Dutta as a Special Director. The said order contained the following stipulation.

"The procedure and other conditions laid down under the Companies Act, 1956 would not apply to his appointment."

However, since Mr. Ashok Kumar Dutta has been appointed as a Special Director which is essentially the position of a Director of the company, the resolution as proposed at Sl. No. 4 under "Special Business" is placed before the shareholders for their approval. A copy of the above said letter of BIFR is available at the registered office of the company for inspection by the members on any working day. The profile of Shri Ashok Kumar Dutta is given below:

Shri Ashok Kumar Dutta – Shri Ashok Kumar Dutta born on 13th January, 1954 is a Post Graduate and a Gold Medalist MBA from Patna University. He joined Allahabad Bank in January, 1978 and reached the level of General Manager of the said bank. Later he was appointed by the Govt. of India as a Whole Time Director designated as Executive Director of Dena Bank w.e.f. 01.03.2010 and he superannuated from Dena Bank on 31.01.2014. He possesses Specialized Professional knowledge of a commercial banker and also possesses professional qualification of CAIIB. He has attended many national and international seminars and training programmes including at Trinity College, Cambridge University, UK & Kellogg School of Management, North Western University, USA. He has been Member of many Committees of the Indian Banks' Association and is presently working as Advisor with various organizations.

He does not hold any share in the Share Capital of the Company. None of the directors, Key Managerial Personnel of the company or their relatives, in any way, are concerned or interested, financially or otherwise, in the proposed Resolution. The Board recommends this resolution for approval by the shareholders.

Item No. 5

Section 148 of the Companies Act, 2013 provides for Audit of Cost records of the Company by Cost Accountants to be appointed by the Board of Directors on such remuneration as may be determined by the members in their General Meeting. The Board, on the basis of recommendation of the Audit Committee, approved the appointment of M/s. Mitra, Bose and Associates, the Cost Accountants (Firm Registration No. 00037) as Cost Auditors to conduct the audit of Cost records of the Company for the Financial Year 2016-17 at the remuneration of Rs. 40,000/- besides reimbursement of expenses, incurred in connection with the audit, on actual basis.

Section 148 of the Act provides that the Cost Auditor shall be appointed by the Board on such remuneration as may be determined by the members. The Board of Directors approved the appointment of the Cost Auditors at a remuneration of Rs. 40,000 besides reimbursement of expenses on actual basis. The Shareholders may consider approving the said remuneration or such other remuneration as may be deemed appropriate. None of the directors, Key Managerial Personnel of the company or their relatives, in any way, are concerned or interested, financially or otherwise, in the proposed Resolution. The Board recommends this resolution for approval by the shareholders.

Place: Kolkata
Date: 29th July, 2016

**BY ORDER OF THE BOARD
For Kalyanpur Cements Limited**

**P.K. Chaubey
Chief Financial Officer & Company Secretary
(Membership No. ACS 3564)**