



Cements Limited

## KALYANPUR CEMENTS LIMITED

(We were originally incorporated as Kalyanpur Lime & Cement Works Limited on 11<sup>th</sup> August 1937. The name of our company was changed to Kalyanpur Cements Limited with effect from 9<sup>th</sup> March 1988)

For details of changes in the name and registered office of the Company, see —”*History and Certain Corporate Matters*” on page 83.

**Registered Office:** 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700001

**Tel.:** +91 33 2230 2977/6470, **Fax:** +91 33 22301909

**Corporate Office:** Maurya Centre, 1, Fraser Road, Patna 800 001, **Tel.:** +91 612 2221551, **Fax:** +91 612 2332884

**Website:** www.kalyanpur.com; **E-mail:** pkchaubey@kalyanpur.com

**Contact Person:** Mr. P. K. Chaubey (President (Finance) & Company Secretary)

### FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

#### PROMOTERS OF THE COMPANY

MR. SATYADEVA PRAKASH SINHA, MR. SHAILENDRA PRAKASH SINHA AND MAURYA MANAGEMENT PRIVATE LIMITED

#### DRAFT LETTER OF OFFER

**ISSUE OF 1,06,24,527 EQUITY SHARES OF ₹ 10 EACH (“EQUITY SHARES”) FOR CASH AT PAR AGGREGATING TO ₹ 1,062.45 LACS (“THE ISSUE”) BY KALYANPUR CEMENTS LIMITED (THE “COMPANY” OR THE “ISSUER”) TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD ON THE RECORD DATE I.E. [●]. THE ISSUE PRICE FOR THE EQUITY SHARES IS ₹ 10, WHICH IS AT PAR WITH THE FACE VALUE OF THE EQUITY SHARES. For further details, please see “Terms of the Present Issue” on Page 204.**

#### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to “Risk Factors” on page 11 before making an investment in this Issue.**

#### ISSUER’S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The existing Equity Shares of the Company are listed on the BSE Limited (“BSE”) and Calcutta Stock Exchange Limited (“CSE”). The Equity Shares offered through this Draft Letter of Offer are proposed to be listed on the BSE and CSE. The Company has received “in-principle” approval from BSE for listing the Equity Shares to be allotted pursuant to the Issue vide letter dated [●]. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

#### LEAD MANAGER TO THE ISSUE



#### MICROSEC CAPITAL LIMITED

Azimganj House, 2<sup>nd</sup> Floor  
7 Camac Street, Kolkata- 700 017  
**Tel:** + 9133 2282 9330

**Fax:** + 9133 2282 9335

**E-mail:** kalyanpur@microsec.in

**Investor Grievance Email:** investor.relations@microsec.in

**Website:** www.microsec.in

**Contact Person:** Mr. Manav Goenka

**SEBI Registration No.:** INM000010791

#### REGISTRAR TO THE ISSUE



#### LINK INTIME INDIA PRIVATE LIMITED

59C, Chowringhee Road, 3<sup>rd</sup> Floor  
Kolkata – 700 020

**Tel:** + 9133 2289 0540

**Fax:** + 9133 2289 0539

**Investor grievance e-mail:** kolkata@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Mr. Subhabrata Biswas

**SEBI Registration No.:** INR000004058

#### ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS | ISSUE CLOSES ON |
|----------------|---|-----------------|
| [●]            | [●]   | [●]             |

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## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalized terms used in this Draft Letter of Offer are set forth below:

## 1. Company/Industry Related Terms

| Term                                  | Description   |
|---------------------------------------|---|
| “KCL”, “the Company”, or “the Issuer” | Kalyanpur Cements Limited, a public limited company incorporated under the Indian Companies Act, 1913, with its registered office at 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700001, West Bengal |
| Articles / Articles of Association    | The articles of association of the Company  |
| Auditors                              | The statutory auditors of the Company, being M. Mukherjee & Co., Chartered Accountants  |
| Board of Directors/Board              | The board of directors of the Company or any duly constituted committees thereof  |
| Equity Shares                         | Equity shares of the Company of face value of ₹ 10 each   |
| Memorandum of Association             | The memorandum of association of the Company  |
| Registered Office                     | The registered office of the Company located at 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700001, West Bengal  |
| CAGR                                  | Compounded Annual Growth Rate   |
| FDI                                   | Foreign Direct Investment   |
| GDP                                   | Gross Domestic Product  |
| JV                                    | Joint Venture   |
| KMDA                                  | Kolkata Municipal Development Authority   |
| KW                                    | Kilo Watt   |
| MW                                    | Mega Watt   |
| BIFR                                  | Board for Industrial & Financial Reconstruction   |
| AAIFR                                 | Appellate Authority For Industrial & Financial Reconstruction   |
| DRT                                   | Debt Recovery Tribunal  |
| JNIL                                  | Jenson & Nicholson (India) Limited  |
| JNFSL                                 | Jenson & Nicholson Financial Services Limited   |

## 2. Issue Related Terms

| Term                    | Description   |
|-------------------------|---|
| Allotment               | Issue of Equity Shares pursuant to the Issue to the successful applicants   |
| Allottee                | The successful applicant to whom the Equity Shares are being/have been issued   |
| Applicant(s)            | Eligible Equity Shareholders and/or Renounees who are entitled to apply or have applied for Rights Equity Shares under the Issue, as the case may be                                |
| ASBA                    | An application, whether physical or electronic, used by all applicants to make a application authorising an SCSB to block the Amount in their ASBA account maintained with the SCSB |
| Auditors                | The statutory auditors of the Company, viz. M. Mukherjee & Co., Chartered Accountants   |
| BSE                     | BSE Limited   |
| CAF                     | Composite Application Form  |
| Companies Act / the Act | The Companies Act, 1956, as amended from time to time   |
| CSE                     | Calcutta Stock Exchange Limited   |
| Depositories Act        | The Depositories Act, 1996, as amended  |
| Depository              | A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time  |

|   |  |
|---|--|
| Depository Participant/DP                   | A depository participant as defined under the Depositories Act   |
| Designated Stock Exchange                   | BSE Limited  |
| Strategic Investor                          | Vivid Colour Private Limited   |
| Equity Shares                               | Equity shares of the Company of ₹ 10/- each unless otherwise specified in the context thereof  |
| First Applicant                             | The Applicant whose name appears first in the Application Form   |
| Fiscal or FY or Financial Year              | Twelve months ending March 31 <sup>st</sup> of a particular year   |
| Indian GAAP                                 | Generally Accepted Accounting Principles in India  |
| Issue Opening Date                          | [●]  |
| Issue Closing Date                          | [●]  |
| Issue Price                                 | ₹ 10 Per Equity Share  |
| Investors                                   | Shall mean the holder(s) of Equity Shares of ₹ 10/- at the Issue Price by the Company pursuant to this Draft Letter of Offer.  |
| Lead Manager/LM                             | Being the Lead Manager appointed for the Issue. In this case being Microsec Capital Limited  |
| LOF/ letter of offer                        | The Letter of Offer dated [●] as filed with Stock Exchange   |
| MCL/Microsec                                | Microsec Capital Limited, a public limited company incorporated under the provisions of the Companies Act and with its registered office at Shivam Chambers, 1 <sup>st</sup> Floor, 53, Syed Amir Ali Avenue, Kolkata-700 019  |
| Non Resident                                | A person who is not a NRI, FII or a person resident in India   |
| OCB / Overseas Corporate Body               | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| Promoters                                   | Shall mean jointly Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Maurya Management Private Limited   |
| Record Date                                 | [●]  |
| Rights Issue/ Present Issue                 | The issue of 1,06,24,527 Equity Shares of ₹10/- each at the Issue Price by the Company pursuant to this Draft Letter of Offer  |
| Registrar of Companies or RoC               | Registrar of Companies at Kolkata, West Bengal   |
| Registrar or Registrar to the Issue         | Link Intime India Private Limited, a company incorporated under the Companies Act, having its registered office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400 078  |
| Self Certified Syndicate Bank(s) or SCSB(s) | A banker to the Issue registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>  |
| Stock Exchanges                             | BSE and CSE  |

### 3. Conventional/General Terms

| Term  | Description                    |
|-------|--------------------------------|
| AGM   | Annual General Meeting         |
| CAGR  | Compounded Annual Growth Rate  |
| Capex | Capital Expenditure            |
| EGM   | Extra Ordinary General Meeting |
| EPS   | Earnings Per Share             |
| GIR   | General Index Register         |
| HUF   | Hindu Undivided Family         |
| NAV   | Net Asset Value                |
| PAN   | Permanent Account Number       |
| PAT   | Profit After Tax               |
| P/E   | Price Earnings Ratio           |
| PLR   | Prime Lending Rate             |

|      |                          |
|------|--------------------------|
| RONW | Return on Net Worth      |
| SSI  | Small Scale Industries   |
| USD  | United States Dollars    |
| VAT  | Value Added Tax          |
| WTO  | World Trade Organization |

#### 4. Abbreviations

| Term             | Description  |
|------------------|--|
| AS               | Accounting Standards as issued by the Institute of Chartered Accountants of India  |
| CDSL             | Central Depository Services (India) Limited  |
| CIN              | Corporate Identity Number  |
| DIN              | Director Identification Number   |
| DEPB             | Duty Entitlement Pass Book   |
| EEFC             | Export Earner's Foreign Currency account   |
| FCNR Account     | Foreign Currency Non Resident Account  |
| FEMA             | Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under  |
| FIIs             | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India    |
| FIPB             | Foreign Investment Promotion Board   |
| GoI              | The Government of India  |
| HNI              | High Net-worth Individual  |
| ICDR             | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009  |
| I.T. Act         | The Income Tax Act, 1961, as amended   |
| N.A.             | Not Applicable   |
| NBFC             | Non Banking Financial Company  |
| NRE Account      | Non-Resident External Account.   |
| NRI              | Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended |
| NRO Account      | Non Resident Ordinary Account  |
| NSDL             | National Securities Depository Limited   |
| P.A.             | Per Annum  |
| R&D              | Research and Development   |
| RBI              | The Reserve Bank of India  |
| ₹/ Rs.           | Indian National Rupee  |
| SCRA             | Securities Contracts (Regulation) Act, 1956 as amended   |
| SCRR             | Securities Contracts (Regulation) Rules, 1957, as amended  |
| ARCIL            | Asset Reconstruction Company (India) Ltd   |
| IFCI             | IFCI Limited   |
| VCPL             | Vivid Colors Private Limited   |
| SICA             | Sick Industrial Companies (Special Provisions) Act, 1985   |
| SEBI             | Securities and Exchange Board of India.  |
| SEBI Act         | Securities and Exchange Board of India Act, 1992 as amended  |
| SEBI Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended from time to time           |
| SEBI Regulations | Takeover The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time               |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in — “**Main Provisions of Articles of Association**”, — “**Auditors’ Report on Statement of Tax Benefits**”, — “**Regulations and Policies**” and — “**Financial Statements**” on pages 227, 53, 77 and 123, respectively, shall have the meanings given to such terms in these respective sections.

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## OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer and Composite Application Form (“CAF”) to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction or the possession, circulation, or distribution of the Draft Letter of Offer or any other material relating to the Company, the Equity Shares or Rights Entitlement in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

### **European Economic Area Restrictions**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 4,30,00,000 and (3) an annual net turnover of more than Euro 5,00,00,000, as shown in its last annual or consolidated accounts; or
- c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

### **United Kingdom Restrictions**

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **NO OFFER IN THE UNITED STATES**

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“Regulation S”)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Draft Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a “U.S. person” (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Draft Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Draft Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

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**PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

Unless stated otherwise, the financial information and data in this Draft Letter of Offer is derived from the Company's financial statements which are included in this Draft Letter of Offer and set out in the section "**Financial Statements**" on page 123. The Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

The Company is an Indian listed company and prepares its financial statements in accordance with Indian GAAP and in accordance with the Companies Act. Neither the information set forth in the financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with US GAAP, IFRS or any accounting principles other than principles specified in the Indian Accounting Standards. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. The Company urges you to consult your own advisors regarding such differences and their impact on the financial data. The degree to which the financial statements included in this Draft Letter of Offer will provide meaningful financial information is entirely dependent on the reader's familiarity with these accounting practices. Any reliance by persons not familiar with these accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

All references to "India" contained in this Draft Letter of Offer are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, its territories and possessions, and all references to "UK" or the "U.K." are to the United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.

**Industry and Market Data**

Unless stated otherwise, industry, demographic and market data used throughout this Draft Letter of Offer has been obtained from industry publications, data on websites maintained by private and public entities, data appearing in reports by market research firms and other publicly available information and also as per Company estimates. These resources generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Neither we nor the Lead Manager have independently verified this data and neither we nor the Lead Manager make any representation regarding the accuracy of such data. Accordingly, Investors should not place undue reliance on this information.

## FORWARD LOOKING STATEMENTS

All statements contained in this Draft Letter of Offer that are not statements of historical fact constitute “forward looking statements.” All statements regarding the Company’s expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue and profitability, planned projects and other matters discussed in this Draft Letter of Offer regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft Letter of Offer (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, ability to successfully implement strategy, the growth and expansion, technological changes, the exposure to market risks, general economic and political conditions in India, which have an impact on the company business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in industry. Important factors that could cause actual results to differ materially from expectations include, but are not limited to, the following:

- difficulty in managing future growth and profitability;
- increase in the cost of raw materials and interruption in their availability;
- changes in Government policies that may affect the demand for and the supply and price of the products;
- non availability of fuel at competitive prices;
- political and social instability in India;
- fluctuation of Rupee against foreign currencies;
- increase in the interest rates with respect to borrowings;
- financial instability in Indian financial markets; and
- adverse political, social and economic developments in India.

For a further discussion of factors that could cause the Company’s actual results to differ, see sections “**Risk Factors**” on pages 11. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, the Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II -RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in Equity Shares. If any of the following risks actually occur, the business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.*

*Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this Issue. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the section entitled "**Forward Looking Statements**" on page no. 10. Unless otherwise stated, the financial information used in this section is derived from the Company's restated financial statements under Indian GAAP.*

### A. INTERNAL RISK FACTORS

#### 1. *We have undergone significant financial restructuring in the last decade, including admission to the Board for Industrial and Financial Reconstruction*

The initial teething problems, after commencement of commercial production from the new plant in March, 1994 delayed substantially the stabilization of the plant, till 1996 and subsequently, various other factors like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining lease and huge spending on expensive mines affected adversely the Company's operational and financial performance, as a result of which, the Company incurred losses and its networth was fully eroded as at December 31, 2000 whereupon it had to be referred to BIFR on March 21, 2001. The Company was declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985. IFCI Ltd. was appointed as Operating Agency by the Board for Industrial & Financial Reconstruction ("BIFR"). Subsequently five out of the seven Financial Institutions (FIs) and Banks (representing over 94% of the total secured debts of the company) assigned their debts to an Asset Reconstruction Company namely, Asset Reconstruction Company (India) Ltd. ("ARCIL"), pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002. Thereafter, the Company, its shareholders and secured creditors formulated a Scheme of Compromise under section 391 of the Companies Act, 1956 involving reliefs and concessions from shareholders and secured creditors. The scheme of compromise was duly approved by shareholders and secured creditors and was sanctioned by the Hon'ble Calcutta High Court on November 21, 2006. Further, the BIFR, by its order dated February 3, 2012 (Case No. 155/2001- Kalyanpur Cements Limited) sanctioned a Revival scheme for rehabilitation of our Company. The scheme of revival as sanctioned by BIFR is under implementation after its circulation by BIFR and the same will be implemented fully by the end of financial year 2016-17. This financial restructuring may result in negative sentiments about us which may consequently affect the trading price of our equity shares. For further details please refer to chapter titled "**History and Certain Corporate matters**" beginning on page 83.

#### 2. *There are outstanding litigations against us, our Directors, our Promoters and our Group Companies, which if determined adversely, could affect our results of operations and reputation.*

In the course of our business, we may be subject to various claims, including general commercial claims, employee related claims, consumer protection, product liability claims and statutory dues related claims. Litigations resulting from these claims could be costly and time-consuming and could divert the attention of our management and key managerial personnel from our business operations.

Our legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties should any new

developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provision in our financial statements that could increase expenses and current liabilities.

Brief details of legal proceedings presently pending against our Company, Directors, Promoters and Group entities and the claim amounts in relation to these cases, where claims have been quantified, are set forth below:

*Our Company*

(₹ in lacs, unless stated otherwise)

| S. No.                                       | Nature of Proceeding | Number of Cases | Amount          |
|--|----------------------|-----------------|-----------------|
| <b><i>Litigation against our Company</i></b> |                      |                 |                 |
| 1  | Income tax           | 2               | 759.72          |
| 2  | Winding up cases     | 8               | 319.09          |
| 3  | Other cases          | 13              | 585.46          |
|  | <b>Total</b>         | <b>23</b>       | <b>1,664.27</b> |

*Our Directors*

(₹ in lacs, unless stated otherwise)

| S. No.  | Nature of Proceeding   | Number of Cases | Amount        |
|---|--|-----------------|---------------|
| <b><i>Litigation against Mr. Satyadeva Prakash Sinha</i></b>  |  |                 |               |
| 1   | Criminal cases   | 30              | 21.00         |
| 2   | Other cases  | 10              | 389.89        |
|   | <b>Total</b>   | <b>40</b>       | <b>410.89</b> |
| <b><i>Litigation against Mr. Shailendra Prakash Sinha</i></b> |  |                 |               |
| 1   | Cases filed under Section 138 of the Negotiable Instrument Act, 1881 | 4               | 380.59        |
| 2   | Other cases  | 2               | --            |
|   | <b>Total</b>   | <b>6</b>        | <b>380.59</b> |
| <b><i>Litigation against Mr. Anant Prakash Sinha</i></b>      |  |                 |               |
| 1   | Cases filed under Section 138 of the Negotiable Instrument Act, 1881 | 4               | 380.59        |
|   | <b>Total</b>   | <b>4</b>        | <b>380.59</b> |

*Our Group Companies*

(₹ in lacs, unless stated otherwise)

| S. No.   | Nature of Proceeding   | Number of Cases | Amount           |
|--|--|-----------------|------------------|
| <b><i>Litigation against Bihar Hotels Limited</i></b>                            |  |                 |                  |
| 1  | Labour case  | 1               | 10.37            |
|  | <b>Total</b>   | <b>1</b>        | <b>10.37</b>     |
| <b><i>Litigation against Jenson &amp; Nicholson (India) Limited ("JNIL")</i></b> |  |                 |                  |
| 1  | Cases filed by financial institutions and banks before Debt Recovery Tribunal                    | 12              | 12,041.53        |
| 2  | Cases filed before DRT against JNIL, being the corporate guarantor                               | 6               | 1,927.89         |
| 3  | Cases filed under Section 138 of the Negotiable Instrument Act, 1881                             | 11              | 393.93           |
| 4  | Money Suit filed by the Suppliers for recovery of their dues                                     | 7               | 258.07           |
| 5  | Case filed by the ex-employees of JNIL for realization of their dues towards wages, Gratuity etc | 18              | 26.08            |
| 6  | Case filed by the worker Union of JNIL   | 2               | --               |
| 7  | Winding up cases filed by various Creditors against JNIL   | 59              | 1,060.16         |
|  | <b>Total</b>   | <b>115</b>      | <b>15,707.66</b> |
| <b><i>Litigation against Sone Valley Cements Limited</i></b>                     |  |                 |                  |
| 1  | Cases filed before DRT   | 2               | 5,738.69         |
| 2  | Other cases  | 5               | 7.81             |
|  | <b>Total</b>   | <b>7</b>        | <b>5,746.5</b>   |

We cannot assure you that any of the legal proceedings instituted above will be decided in our favour which, if decided otherwise may have a material adverse effect on our reputation, financial condition and results of operations. For further details, please refer to section "***Outstanding Litigation and Material Developments***" on page no.163 of this Draft Letter of Offer.

**3. *The company's business is dependent upon its ability to source sufficient limestone for its operations. Inability to procure key raw material at reasonable prices may have an adverse effect on our margins, profitability, financial condition and results of operations.***

Limestone is the key raw material for cement manufacturing. The ability of the Company to produce cement is dependent on its ability to procure limestone in a cost effective and efficient manner. At present, our company has mining leases at seven locations pursuant to the agreements with Government of Bihar. The estimated limestone reserve at these seven locations is over 19 million tons as per a report of the Mines and Geology Deptt. of the Government of Bihar. These leases have been granted for a period of 20 years and the same require renewal at an interval of every 20 years. In addition to this, our company and its associates have been allocated lime stone mines spread over 300 acres (Approx.) situated in the village of Sohdag Tiurakhurd, Khukhuma, Masuraha, Sanrakhi etc. falling in forest and sanctuary areas where the deposit are expected to be around 50 million tons. But these leases will be available to the company for extraction of Limestone only after compliance with the forest and environment related laws and receipt of necessary approvals. It cannot be said with certainty that these leases will be finally available to the Company. We have to pay a royalty to the government on the limestone mined at rates specified by the government from time to time. If we are not able to extract sufficient quantities of limestone or if we are not able to pass on the increase in cost to our customers, it may have an adverse effect on our business, financial condition and results of operations.

**4. *Dependence on Power Supply and the distribution of same could impact our production and quality of production***

Cement manufacturing is an energy intensive process. Power cost constitutes a substantial portion of our total cost of production. Presently our Company has sanctioned power load of 15 MVA which is supplied to our plant on 132 KV EHT line by Bihar State Electricity Board. Our company also has standby power arrangement through two Diesel Power Generating Sets of 1500 KVA each to take up emergency loads in case of power tripping. Further, there has been a considerable rise in the cost of power over the years. Any shortage of power supply in the State of Bihar will adversely affect our Company either in terms of higher cost of production and/or through disruption of production and supply schedule affecting adversely the operations and financial condition of the Company.

**5. *The Company is dependent upon the continued supply of coal, gypsum and other raw materials and fuel, the supply and costs of which can be subject to significant variation.***

The Company relies on a number of domestic suppliers to provide certain raw materials, including gypsum and additives for the plant. The Company is also dependent on various domestic suppliers for the supply of coal. If the Company is unable to obtain adequate supplies of quality raw materials or fuel in a timely manner and on acceptable commercial terms, or if there are significant increases in the cost of these supplies, the business and results of operations may be materially and adversely affected.

**6. *Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations of the plant may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing facilities at Banjari are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, including insurance coverage, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

**7. *If we have any operational problems at our facilities, it could have a material adverse effect on our business and results of operations.***

Our manufacturing facilities and distribution warehouses may suffer loss or damage due to fire, flood, terrorism, mechanical failure, or other natural or man-made events. If any of these facilities were to experience a loss or damage, it could disrupt our operations, delay production, delay or reduce shipments, reduce revenue, and result in significant expenses to repair or replace the facility. These expenses and losses may not be adequately covered by property or business insurance. Even if covered by insurance, our inability to deliver our products to

customers, even on a short-term basis, may cause us to lose market share on a more permanent basis, which could have a material adverse effect on our business and results of operations.

**8. The Cement business is seasonal and affected by a number of factors, which are beyond the control of the company.**

Demand for cement is seasonal as climatic conditions, particularly the monsoon, affect the level of activity in the construction industry. As a result, cement manufacturers experience a reduction in sales of cement during monsoons, and somewhat stronger sales post monsoons. Accordingly, our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

**9. We have experienced negative cash flows in the past which could adversely affect our financial condition and the trading price of our Equity Shares.**

We have experienced negative cash flows as set forth in the table below:

| Particulars  | (₹ in lacs) |             |             |
|--|-------------|-------------|-------------|
|  | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Cash Flow before working capital changes                 | (2,500.30)  | (169.72)    | 2874.34     |
| Net cash generated from / (used in) operating activities | 4,374.09    | 4,855.85    | (1,546.63)  |
| Net cash generated from / (used in) investing activities | (249.65)    | (1,315.35)  | (231.28)    |
| Net cash generated from / (used in) financing activities | (1886.89)   | (3,809.41)  | (527.24)    |
| Increase / (decrease) in cash and cash equivalents       | (262.75)    | (438.63)    | 569.20      |

For details, see — “*Financial Statements*” and — “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 123 and 145, respectively.

Any negative cash flows in the future could adversely affect our financial condition and the trading price of our Equity Shares.

**10. Outstanding contingent liabilities could adversely affect the financial condition and profitability.**

As of March 31, 2012, the company had contingent liabilities in the following amounts, as disclosed in the audited financial statements:

| Sl. No. | Particulars                              | (₹ in lacs) |
|---------|--|-------------|
|         |  | Amount      |
| 1       | BSEB – 33KV - Enhanced Tariff            | 336.53      |
| 2       | BSEB – 132KV - DPS                       | 627.00      |
| 3       | Unexecuted Capital Commitment            | 26.53       |
| 4       | Cumulative Dividend on Preference Shares | 3.55        |
| 5       | Counter Guarantee by Company             | 136.84      |

If any of these contingent liabilities materializes, the Company’s profitability may be adversely affected. For further details please refer to “*Financial Statements*” on page no. 123 of the Draft Letter of Offer.

**11. Our indebtedness and imposition of certain restrictive covenants in our debt financing arrangements could adversely affect our financial condition and results of operations.**

As on July 31, 2012, our Company’s outstanding secured borrowings amounted to ₹ 10,655.02 Lacs. We have entered into agreements with banks and financial institutions to finance our capital needs. We have also entered into a Shareholders Agreement with Vivid Colour Pvt. Ltd., the strategic investor. Some of these agreements contain restrictive clauses, such as requiring prior consent of the strategic investor/lender for, among other things, effect any change in our Company’s capital structure; formulate any scheme of amalgamation or reconstruction; implement any scheme of expansion/diversification/modernization; declare any dividends for any year out of the profit relating to that year or of the previous years, etc. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions that we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we may incur in the future has important consequences. For example, such debt could:

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to fund future working capital, capital expenditures and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt;
- limit our flexibility to react to changes in our business and in the industry in which we operate;
- place us at a competitive disadvantage with respect to any of our competitors who have less debt or whose cost of debt is lower;
- require us to meet additional financial covenants;
- limit, along with other restrictive covenants, among other things, our ability to borrow additional funds; and
- lead to circumstances that result in an event of default, if not waived or cured. A default under one loan agreement may also trigger cross-defaults under other loan agreements.

For details regarding our financial indebtedness, please see “*Financial Indebtedness*” on page 159. Any of these developments could adversely affect our business, financial condition and results of operations.

Further, we cannot provide any assurance that our business will generate cash in an amount sufficient to enable us to service our debt or to fund our other liquidity needs as they come due. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot provide any assurance that we will be able to refinance any of our debt on commercially reasonable terms, or at all. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financings on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

**12. *We have defaulted in payment of principal and interest on our debt obligations in a timely manner and as a consequence, we may be liable to face action for default under the relevant financing agreements which will adversely affect our business operations and financial condition of our Company.***

Our Company has defaulted in making certain payments to its lenders as per the terms of the financing agreements entered into between our Company and the lenders. The BIFR by its orders dated February 03, 2012 (Case No. 155/2001- M/s Kalyanpur Cements Limited) sanctioned the scheme for the rehabilitation of our Company whereby the schedule of repayments and interest payable thereon have been restructured. The Scheme of Rehabilitation is under implementation after its circulation on February 3, 2012 and the same shall be implemented fully by the end of financial year 2016-17.

**13. *Our insurance coverage may prove inadequate to satisfy future claims against us or against all material hazards. In the event that we suffer loss or damage that is not covered by or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.***

Our operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We believe that we have insured our facilities, plant and equipment in a way which we believe is reasonable considering the industry trend and in amounts which we believe to be commercially appropriate. See — “*Our Business- Insurance*” on page 76. However, we may become subject to liabilities against which our property are not insured adequately or at all or cannot be insured, including when the loss suffered is not easily quantifiable or the loss pertains to subjective issue like severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies, could have a material and adverse effect on our business, results of operations, financial condition and cash flows.

**14. *If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, which would have a material adverse effect on our ability to compete, results of operations, financial condition and prospects.***

Our profitability and competitiveness are dependent on our ability to maintain a low cost of production and upgrade our facilities with the latest technology. Changes in technology may require us to make additional

capital expenditures to upgrade our facilities to remain competitive. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging technology, standards and practices in a cost-effective and timely manner that is competitive with our existing and potential competitors. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

**15. *The Indian cement market is highly competitive.***

The cement industry in India presently is passing through challenging times on account of slow growth in the economy. Currently, the cement industry in India is highly fragmented as compared to those in other cement producing countries. The Company is subject to competition from numerous regional competitors. The Company's primary markets are the Eastern region primarily Bihar and to some extent Jharkhand, Eastern Uttar Pradesh and West Bengal. Some of our competitors are larger than the our Company and have better financial resources and thus may be able to deliver products on more attractive terms or may be able to invest larger amounts of capital into their business, including greater expenditure for better and more efficient production capabilities as well as for serving larger marketing areas. These competitors may limit the opportunity of the Company to expand its' market share and may compete with it on pricing of products. Any attempt to lower the price by producers to gain the market share may put pressure on the Company and other leading cement companies to lower prices as well, so as to maintain their respective market shares and this will cause decline in the sales realization and affect the financials of the company adversely. The business, financial condition and prospects of the Company could be adversely affected if it is unable to compete with its competitors and sell cement at competitive prices.

**16. *Our Company requires additional capital for its continued growth, which may not be available on terms acceptable to us.***

Our business requires substantial working capital in the form of fund and non-fund based facilities. Presently, the company is in the process of revival under the aegies of BIFR, and may need additional fund based and non-fund based working capital. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our plans or growth strategies or reduce capital expenditures and the size of our operations or even scale down our current operations.

**17. *Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.***

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations, and the planning and execution of our business strategy. There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the cement business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. Loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations.

**18. *Any disruptions in transport and supply could impact the operations of our Company.***

The production of cement is dependent on a steady supply of various inputs. These inputs are transported to our plant by rail / road transport, and cement is transported to our customers mainly by road. Transport of our inputs and finished products is subject to various bottlenecks and other hazards beyond our control, including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. Either an increase in the cost of transportation due to diesel price hike by the government or interruptions in transportation of our inputs or finished products due to any of the reasons mentioned above could have an adverse effect on our business, financial condition and results of operations. In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks getting wasted and consequently written off. Similarly, our cement is sold in bags, which may split open during transport, again resulting in stock getting wasted and consequently written off. We do not maintain business interruption insurance with respect to transport. No assurance can be given that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material.

**19. *The future results of operations of our Company could be adversely affected by strikes, work stoppages or increased wage demands by our employees.***

As of June 30, 2012, our Company had 1081 full-time employees. The plant workers are represented by labour unions. While we consider our relations with our employees to be good, there is no assurance that we will not experience future disruptions to our operations due to problems with our workforce, which can adversely affect the business and financial condition of our Company.

**20. *The BSE had in the past suspended the trading of securities of our Company, which has since been revoked.***

The trading in equity shares of our Company was suspended by the BSE from May 19, 2004 for non-payment of annual listing fees and consequent non compliance with Clause 38 (Payment of Annual Listing Fees) of the Listing Agreement. Subsequently on complying with the requirement of Listing Agreement, BSE vide its Notice dated February 1, 2010 revoked the suspension on the trading of equity shares of our company with effect from February 5, 2010. Any non compliance of Listing Agreement in the future could lead to suspension/ delisting of Equity Shares of our Company which could in turn impact the liquidity of our equity shares.

**21. *We have entered into related party transactions, which may involve conflict of interest.***

We have entered into related party transactions with our Promoters and strategic investors. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on us.

While we believe that all our related party transactions have been conducted on an arm's length basis, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future. For further details, please refer to the statement of related party transactions in "*Annexure – XXIII*" beginning on page 142 under the section "*Financial Statements*"

**22. *We have contested tax demands and disputes which are currently pending at various levels of adjudication.***

We have challenged amounts pertaining to income tax, sales tax, entry tax etc. demanded by various tax authorities in India, in relation to which, legal proceedings are currently pending at various levels of adjudication. For details on the aforementioned outstanding legal proceedings, see '*Outstanding Litigation and Material Developments*' on page 163.

We cannot assure you that we will be able to successfully challenge any tax demands raised against us, presently or in future, or that any legal proceedings ensued by us in relation to such tax demands will not be determined against us.

**23. *Some of our leave and lease agreements for our warehouses are under the process of renewal.***

As of the date of this Drat Letter of Offer, some of our leave and license agreement with respect to our warehouses are under the process of renewal. If we are unable to renew the leave and lease agreements for these premises, we may have to look for new warehouses for the same locations, which may not available at the similar terms. This could have a material impact on our business and financial position.

**24. *Risks associated with Companies/firms in the similar line of business, which may create conflict of business interest and hence could affect financials of our Company.***

One of our group companies, Sone Valley Cements Limited has its main objects of manufacturing cement. The plant of the company is located in the state of Jharkhand and is out of operation for more than two decades. Though there is no operation in the company as at present, the management of the company may, in future, revive its operations if it is able to secure requisite financial support from the Central and State agencies and other stakeholders like banks and financial institutions. If the operations of the said group company are resumed, it may lead to a conflict of interest, which may have a material adverse effect on our business, financial condition and results of operations.

**25. Our Company has incurred a loss in Fiscal 2012, details of which are given below. Sustained losses could impact our growth and business.**

Our Company has incurred a loss after tax of ₹ 5,091.31 Lacs in Fiscal 2012. Revenue from operations of our Company for the financial year 2011-12 decreased by 19.51%. The reason for such decrease was shut down of the plant for two months for repair of the Kiln, the clinker manufacturing unit of the Company. Further, low cement realization and high cost of production due to increase in cost of coal and power also led to losses. Sustained losses or further decrease in sales could impact our growth and business. If we are not able to generate sufficient profits, it may adversely affect our business and financial operations. For further details please refer to the section titled “*Financial Statements*” and chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 123 and 145 of the Draft Letter of Offer respectively.

**26. Some of our Group Companies have incurred losses in the preceding Fiscals. We cannot assure you that these companies or any of our other Group Companies will not incur losses in the future, or that there will not be an adverse effect on our reputation or business as a result of such losses.**

Some of our Group Companies have incurred losses during the preceding Fiscal, as set forth below:

| Name of Group Company                         | ₹ in lacs   |             |             |
|---|-------------|-------------|-------------|
|   | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Sintra Limited                                | (0.58)      | (0.08)      | (55.91)     |
| Usha Tin & Steel Convertors Private Limited   | (4.64)      | (4.64)      | (5.64)      |
| Differential Info-Services Limited            | (0.07)      | (0.17)      | (0.91)      |
| Eureka Transporters & Traders Private Limited | (17.64)     | (3.73)      | 25.69       |
| Svasara Resorts Private Limited               | (55.25)     | -           | -           |
| Sone Valley Cements Limited                   | (0.15)      | (0.15)      | (0.15)      |

**27. The deployment of the Net Proceeds is entirely at our discretion and is not subject to any monitoring by any independent agency.**

We intend to use the Net Proceeds for repayment of certain indebtedness as described in the section “*Objects of the Issue*” on page 47.

Pending utilization of the Issue proceeds as described in the Draft Letter of Offer, the Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may also change.

Further, as the Issue size is less than ₹ 5,000 million, there is no requirement for the appointment of a monitoring agency. The audit committee of the Board of Directors shall monitor the utilization of the Net Proceeds, which shall not be subject to any monitoring by any independent agency.

**28. Delay in raising funds from the Rights Issue, may adversely affect our growth plans, revenues and profitability.**

Our fund requirements for the Objects of the Issue are to be funded from the proceeds of this Rights Issue. Any shortfall in the Issue proceeds and/or delay in raising funds from Rights Issue could delay repayment of indebtedness within the given time frame or lead to utilization of other resources of our Company, which may adversely affect our growth plans, revenues and profitability.

**29. Change in interest rates and banking policies resulting into increase in interest rates may have an adverse effect on the Company’s profitability.**

Our business is working capital intensive. In future, we also propose to enhance our capacities and also set up a captive power plant. This would entail further borrowings from banks and financial institutions. Any change in the extant banking policies or increase in interest rates may have an adverse effect on our results of operations and profitability.

**30. *Our Company may continue to be controlled by its Promoters and Promoter Group following this Issue and our other shareholders may not be able to affect the outcome of shareholders' voting.***

The pre-issue shareholding of our promoter group, as on September 19, 2012, was 5.30%. The promoter group may subscribe for equity shares in this Issue by subscribing for renunciations, if any, made by the promoter group or any other shareholder in their favour. The Promoters along with the promoter group entities, shall also subscribe to additional Equity Shares in the Issue. As a result, the shareholding of Promoters and the promoter group may increase above their current shareholding. Subsequent to the Issue, our Promoters may exercise substantial control over us and have the powers to elect and remove a majority of our Directors and / or determine the outcome of proposals for corporate actions requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions and any wrong decision on their part could adversely affect your investment in our equity shares.

**31. *Any future equity offerings or issue of options under any employee stock option scheme may lead to dilution of your shareholding in our Company and which may result into dilution of earnings per share and dividend earnings, if any, and other shareholder's rights under relevant provisions of the Companies Act, 1956.***

Subscribers of equity shares in this Issue may experience dilution of their shareholding to the extent of any future equity offerings and to the extent of options, if any, that may be issued under any employee stock option scheme which may be introduced by the company in future. This may result into dilution of earnings per share and dividend earnings, if any, and other shareholder's rights under relevant provisions of the Companies Act, 1956.

**32. *Cement production requires us to adhere to the stringent Environment Laws and laws relating to pollution control and if there is any non compliance, it would lead to temporary stoppages of production and also have an adverse impact on production, our revenues and profitability. Further, additional or new compliances may also require us to invest in new equipment or make additional investments, which could adversely affect our profitability.***

Our cement operations are subject to various Central and State environmental laws, rules and regulations relating to the protection of environment and ecology and control of pollution in the various locations in India including the area where we operate. In particular, the emission of, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities to the Central Government and State Governments and third parties, and may result in our incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on us or result in the need for additional investment in pollution control equipment, either of which could affect our business, financial condition or prospects.

**33. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lenders up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realisation of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. As per the revival scheme sanctioned by BIFR, the Company shall not pay any dividend till the entire statutory dues are cleared and thereafter the dividend can be paid only with the permission of BIFR.

**34. *There is no guarantee that our Rights Issue Equity Shares will be listed on the Stock Exchanges in a timely manner or at all. You will not be able to sell immediately on an Indian stock exchange any of the Rights Issue Equity Shares until the Issue receives appropriate trading approvals***

The Rights Issue Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Rights Issue Equity Shares can be listed and trading commences. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Stock Exchanges. Thereafter, upon receipt of final approval from BSE, trading in the Rights Issue Equity Shares is expected to commence within four working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Rights Issue Equity Shares will be credited to investors' demat accounts, or that trading in the Rights Issue Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of the Rights Issue Equity Shares. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Rights Issue Equity Shares. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Rights Issue Equity Shares is denied by the Stock Exchanges, we are required to refund all monies collected to investors and any delay in providing such refunds shall mandate us to pay interest at specified statutory rates.

**B. EXTERNAL RISK FACTORS**

**1. *The business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets that we serve.***

The performance and growth of the company are dependent on the health of the Indian economy and in particular the economies of the regional markets that the company serves. The economy could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the economy could adversely affect the prospective customers, which in turn would adversely impact the business and financial performance and the price of the Equity Shares.

**2. *The Cement Industry is dependent upon the Government Policy on Infrastructure development.***

The business of the company is dependent to a large extent on the implementation of the central and state budget allocations to the infrastructure sector. The liberalization policy of the Government and incentives offered by it has spurred the growth of opportunities in the field of Infrastructure and particularly road sector giving rise to increased demand for cement. Adverse changes if any, in the Government policy could thus affect the company's business prospects.

**3. *Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.***

Civil unrest, acts of violence including terrorism or war, may negatively affect the Indian markets where the Equity Shares will be traded and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect the business. Diplomatic relations between the GoI and neighboring countries have suffered post the terrorist attacks on November 26, 2008. While the GoI has been trying to engage in conciliatory efforts, any further tension or deterioration of relations might result in investor concern about stability in the region, which could materially and adversely affect the economy in general and the price of the Equity Shares of the company in particular.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on the economy of the nation and consequently the company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the business, financial condition, results of operations and the price of the Equity Shares.

**4. Taxes and other levies imposed by the Government of India or State Governments relating to the Company's business may have a material adverse effect on the demand of its products.**

Taxes and other levies imposed by the Central or State Governments that affect the industry include Customs duties, Excise duty and Central and State sales tax / value added tax. These taxes and levies affect the cost of production of cement. An increase in any of these taxes or levies, or the imposition of new taxes or levies in future, may have a material adverse impact on the business, profitability and financial condition of the Company.

**5. The market value of an investor's investment may fluctuate due to the volatility of the Indian securities markets.**

The prices of the Company's Equity Shares on the stock exchange/s may fluctuate as a result of several factors, including:

- ✓ volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- ✓ the profitability and performance;
- ✓ performance of the competitors in the Indian Cement Industry and the perception in the market;
- ✓ significant developments in India's economic liberalization and deregulation policies;
- ✓ significant developments in India's fiscal, environmental and other regulations;
- ✓ an assessment of the management, company's past and present operations, and the prospects for, and
- ✓ timing of, future revenues and cost structures; and
- ✓ the present state of development.

Further, there can be no assurance that the prices at which the Equity Shares have historically traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

**6. There may be restrictions on daily movements in the price of Company's Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time**

There can be two types of circuit breakers applicable to the stocks listed on the Stock Exchanges (i) daily "price based circuit breaker" which specifies the band within which the price of a particular stock is allowed to move freely and (ii) index based market wide circuit breaker which applies to a stock at three stages of the index movement either way at 10%, 15% and 20%. While the daily price based circuit breaker is applicable to a stock depending on whether it is traded in F&O segment, an index based market wide circuit breaker is applicable to all the stocks listed on all the Stock Exchanges. Further, the daily "price based circuit breaker" operates independently of the index based market wide circuit breakers imposed by SEBI on Indian stock exchanges.

The Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares and other securities. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on stock exchanges. The percentage limits on the Company's circuit breakers are set by the Stock Exchanges. The Stock Exchanges do not inform the Company of the percentage limit of such circuit breakers and may change it without our Company's knowledge. This circuit breaker effectively limits the upward and downward movements in the price of Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of an investor to sell our Equity Shares at the price at which investors may be able to sell their Equity Shares at a particular point in time. There cannot be any assurance that the Stock Exchanges will not halt trading due to the index-based market-wide circuit breaker in future and closure of, or trading stoppage on, any of the Stock Exchanges could adversely affect the trading price of Equity Shares.

**7. Financial instability in Indian financial markets could adversely affect our results of operations and financial condition.**

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in global economy in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may

cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the results of operations and financial condition.

**8. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.***

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

**9. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

**10. *The business and activities will be regulated by the Competition Act, 2002 (the "Competition Act") and any application of the Competition Act to use could have a material adverse effect on the Company's business, financial condition and results of operations.***

The Indian Parliament has enacted the Competition Act for the purpose of preventing business practices that have an appreciable adverse effect on competition in India under the auspices of the Competition Commission of India, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether or not formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Any application of the Competition Act to the company may be unfavourable and may have a material adverse effect on the business, financial condition and results of operations.

**11. *The proposed adoption of IFRS could have a material adverse effect on the price of the Equity Shares.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS, in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI ("MCA"), through the press note dated January 22, 2010. Further, the MCA through a press release dated February 25, 2011, announced that it will implement the converged accounting standards in a phased manner, after various issues, including those related to taxation, are resolved. The MCA will announce the date of implementation of the converged accounting standards at a later date. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding period in the comparative fiscal year/period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available, as more Indian companies begin to prepare IFRS financial statements.

**PROMINENT NOTES:**

1. This is an issue of 1,06,24,527 Equity Shares with a face value of ₹ 10/- each at par aggregating to ₹ 1,062.45 Lacs on a rights basis to the existing equity shareholders of the Company in the ratio of 1 Equity Share for every 2 Equity Shares held by the equity shareholders on the Record Date i.e. [●]. For

more details, please refer to the chapter titled “*Terms of the Present Issue*” beginning on page number 204 of the Draft Letter of Offer

2. The net worth of the Company was ₹ (19,709.82) Lacs as on March 31, 2012.
3. The book value per Equity Share was ₹ (95.87), as at March 31, 2012, as per the latest audited financial statement, included in this Draft Letter of Offer. For further information, see the section “*Financial Statement*” beginning on page 123.
4. There has been no change in the name of the Company in the last three years
5. Except as stated in the Chapter “*Capital Structure*” beginning on page 38, our Company has not issued any shares for consideration other than cash.
6. There are no financing arrangements whereby the Promoter Group, the directors and their relatives have financed the purchase made by any other person of company’s securities during a period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.
7. For details of transactions by the Company with related parties during the last one year preceding the date of filing of this Draft Letter of offer, the nature of transactions and the cumulative value of transactions, please see the section “*Financial Information - Related Party Transactions*” on page 142.
8. Please refer to the section “*Basis of Allotment*” on page 213 for details on basis of allotment.
9. Shareholders may contact the Compliance Officer or the Lead Manager for any complaints pertaining to this Issue including any clarification or related information. The Lead Manager is obliged to provide the same to you. The contact details of the Compliance Officer are detailed below:  
  
**P. K. Chaubey**  
Maurya Centre,  
1, Fraser Road,  
Patna 800 001  
**Tel.:** +91 612 2221551; **Fax:** +91 612 2332884  
**Website:** [www.kalyanpur.com](http://www.kalyanpur.com); **E-mail:** [pkchaubey@kalyanpur.com](mailto:pkchaubey@kalyanpur.com)
10. Any clarification or information relating to the Issue shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
11. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA Account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.
12. There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
13. The Lead Manager and the Company shall update this Draft Letter of Offer and keep the shareholders / public informed of any material changes till the listing and trading commencement and the Company shall continue to make all material disclosures as per the terms of the listing agreement.
14. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, associate or Promoter Group/Group Companies/ entities except in the usual course of business.
15. Our Company and the Lead Manager will update the Draft Letter of Offer in accordance with the Companies Act and the SEBI (ICDR) Regulations, 2009 and our Company and the Lead Manager will keep the public informed of any material changes relating to our Company till the listing of its Equity Shares on the Stock Exchanges.

## SECTION III -INTRODUCTION

### SUMMARY OF INDUSTRY OVERVIEW

The following is a summary of the industry overview. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter entitled “*Industry Overview*” at page 61.

*The information in this section is derived from various government publications and their websites and other industry sources. Neither we nor any other person connected with the Issue have verified this information. The data source has been mentioned wherever relevant however the language of the same is modified so as to make it relevant in the context Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

### CEMENT INDUSTRY

#### Introduction

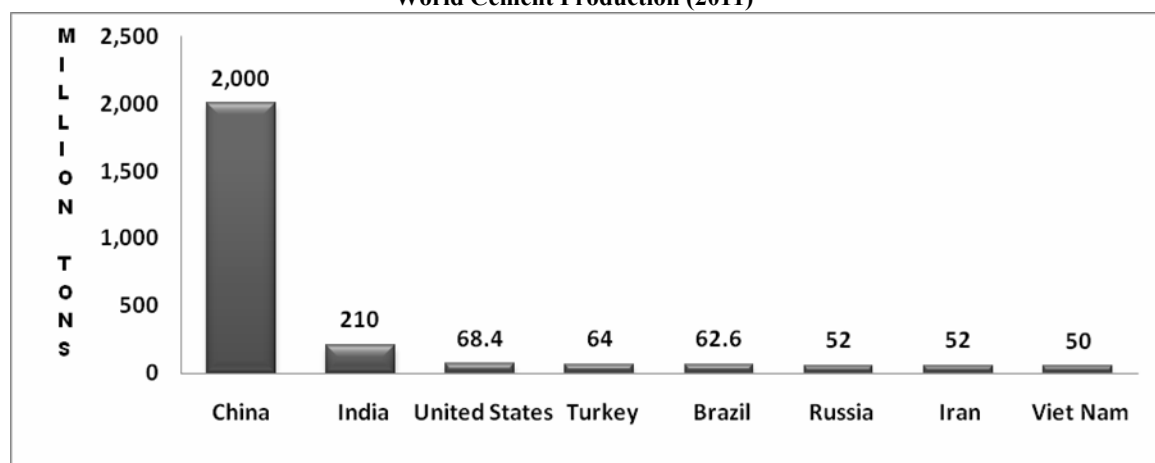
Cement is the most essential raw material in any kind of construction activity. Accordingly, cement industry plays a crucial role in the infrastructural development of the country. Since cement is used in almost all construction activities, the cement industry is an important part of nation’s economic and industrial base. Figures characterizing the cement industry, such as production capacity and consumption statistics, change as a result of fluctuations in domestic construction activities, economic conditions, and the level of cement imports have been provided in this “Industry Overview”.

#### World Production

During 2011, global cement production was 3400 million tonnes, with China accounting for nearly 58.82% of the total output followed by India accounting for 6% of the share and the US for 2.01% in world cement production. India is not only a large producer but also one of the fastest growing markets in the world. Cement production in the country during 1994-2003 grew at a CAGR of 8.2 percent as compared to 7.2 percent in China and the world average of 3.5 percent.

(Source: <http://minerals.usgs.gov/minerals/pubs/commodity/cement/mcs-2012-cemen.pdf>,www.usgs.gov)

**World Cement Production (2011)**



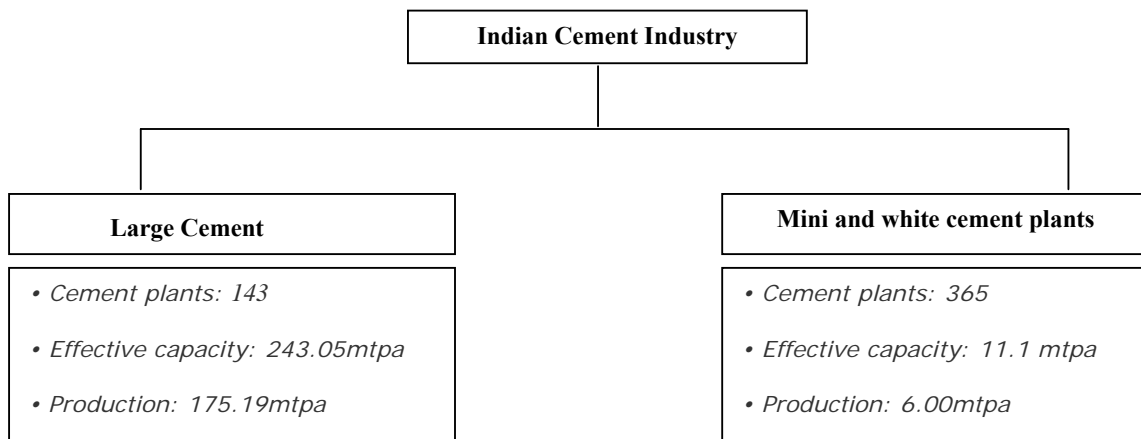
#### Indian Cement Industry

India is the second largest producer of quality cement in the world. Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. The industry occupies an important place in the Indian

economy because of its strong linkages to other sectors such as construction, transportation, coal and power. The cement industry is also one of the major contributors to the exchequer by way of indirect taxes.

Indian Cement Industry is engaged in the production of several varieties of cement such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, etc. They are produced strictly as per the Bureau of Indian Standards (BIS) specifications and their quality is comparable with the best in the world.

The cement industry in India comprises 143 large cement plants and over 365 mini cement plants (*As on December 31, 2011*). The initiatives provided by the Government of India to various infrastructure projects, road network and housing activities will provide required stimulus towards growth of cement industry in India.



Source: Cement Manufacturers' Association (CMA)

Currently, the top players-UltraTech, ACC, Ambuja Cements, Jaiprakash Associates, India Cements-and Shree Cement, collectively control more than half of the cement market in the country. There are 40 players in the industry across the country.

The cement industry in India is experiencing a boom on account of overall growth in the economy. The demand for cement, being a derived one, depends mainly on the industrial activities, real estate business, construction activities and investment in the infrastructure sector. India is experiencing growth in all these areas and hence the cement market is moving ahead in spite of the world-wide economic recession.

## SUMMARY OF OUR BUSINESS

The following is a summary of our business. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter entitled “*Our Business*” at page 66.

Our Company is engaged in the manufacturing of Portland Pozzolana Cement at Banjari in Rohtas District of the state of Bihar. The Company is in the business of manufacturing Cement for over 65 years. The plant is situated on 115 acres of freehold land and has annual capacity of one million ton. We are accredited with the ISO 9001:2008 from P.C. Management System Private Limited (JAS-ANZ) for production and supply of cement. Our Company set up the 1<sup>st</sup> Cement plant in the year 1946 with a capacity of 46,000 metric tons and the production capacity was increased from time to time as under:

| Year | Description                                  | Total Capacity (MTPA) |
|------|--|-----------------------|
| 1946 | 1 <sup>st</sup> Cement Plant                 | 46,000                |
| 1958 | Installation of 2 <sup>nd</sup> Cement Plant | 1,46,000              |
| 1968 | Installation of 3 <sup>rd</sup> Cement Plant | 3,46,000              |
| 1980 | Capacity Expansion                           | 4,80,000              |
| 1991 | Dry Process Plant #                          | 10,00,000             |

# The first four manufacturing capacities created up to 1980 were replaced by a dry process manufacturing plant of one million tons in 1991. The commercial production from the dry process plant started on March 18, 1994. The new plant was set up through an IBRD line of credit and in collaboration with the one of the world’s largest cement manufacturers namely Holderbank (now Holcim).

Our Company was incorporated as a public limited company in the state of West Bengal in the name and style of Kalyanpur Lime & Cement Works Limited under the Companies Act, 1913 on August 11, 1937 and the Company obtained a certificate of commencement of business on November 9, 1937.

The initial teething problems, after commencement of commercial production of the new plant in March, 1994 delayed substantially the stabilization of the plant, till 1996 and subsequently, various other factors like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining lease and huge spending on expensive mines affected adversely the company’s operational and financial performance, as a result of which, the Company incurred losses and its net worth was fully eroded as at December 31, 2000 whereupon it had to be referred to BIFR on March 21, 2001. The company was declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985. IFCI Ltd. was appointed as Operating Agency by the Board for Industrial & Financial Reconstruction (BIFR). Subsequently five of the seven Financial Institutions (FIs) and Banks (representing over 94% of the total secured debts of the company) assigned their debts to an Asset Reconstruction Company namely Asset Reconstruction Company (India) Ltd. (ARCIL), pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and enforcement of Securities Interest Act, 2002. Thereafter, the company, its shareholders and secured creditors formulated a Scheme of compromise under section 391 of the Companies Act, 1956 involving reliefs and concessions from shareholders and secured creditors. The scheme of compromise was duly approved by shareholders and secured creditors and was sanctioned by the Hon’ble Calcutta High Court on November 21, 2006. Further, the BIFR by its order dated February 3, 2012 (Case No. 155/2001- Kalyanpur Cements Limited) sanctioned a Revival scheme for rehabilitation of our Company as it had been declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 (“Scheme of Rehabilitation”) on May 28, 2002.

The cost of rehabilitation as per the Scheme of Revival was ₹ 460.49 crores. This cost was financed/to be financed by Priority Debts (from M/s Vivid Colours Private Limited) of ₹ 6.50 crores, issue of fresh capital to M/s Vivid Colours Private Limited for an amount of ₹ 8.50 crores, Unsecured Loan from promoters for an amount of ₹ 2 crores, Subsidy for Captive Power Plant of ₹ 35 crores, exemption from Electricity Duty of ₹ 11.25 crores, 80% VAT Re-imburement of ₹ 165.04 crores, Loan from promoters/ strategic investor for an amount of ₹ 40 crores and internal accruals of ₹ 192.21 crores along with certain reliefs and concessions granted in accordance with the Scheme of Rehabilitation. The Scheme of Rehabilitation is under implementation and the same shall be implemented fully by the end of financial year 2016-17.

## **Our Strengths**

We believe that the following are our competitive strengths:

### **Company's presence in high growth Territory**

The cement industry in India is one amongst the fastest growing sectors due to the rapid development of infrastructure and real estate projects in the country. The recent economic growth in Bihar has created an ample opportunity for development of real and infrastructure projects in the State. In Bihar, which is a cement deficit state, cement marketing is not expected to pose any problems. Our company is the only integrated cement manufacturing unit in the State. Given the freight component in cement manufacturing, our Company enjoys a significant competitive advantage in Bihar.

### **Locational Advantage**

Our plant is situated in Banjari village of Rohtas District in Bihar. Our plant is situated at a distance of around 40 K.M from Dehri-on-Sone which is on grand chord railway line. Our plant has got adequate factory and non-factory building including township to meet its present requirement. Our Company does not have any constraint on account of water and any other utility required for operating the present plant. Water is drawn from the perennial Sone river. Further, the 70% our core market lies within a radius of 200 KM and remaining markets in Bihar lies within a radius of 350 K.M.

### **Access to good quality Raw Material**

All major raw materials like limestone, coal, mill scale/ iron ore, gypsum and other additives particulars fly ash are easily available. Limestone is the basic raw material for cement manufacturing. Our company has mining leases agreement with Government of Bihar for 7 locations for lime stone. The company uses coal for manufacturing of clinker and has two proven sources for supply of coal. Firstly, our Company has long term coal linkage of 1.78 lac tons per annum with Central Coalfields limited a subsidiary of Coal India Limited. Further, our company also uses Meghalaya Coal. Mineral gypsum is available from Rajasthan deposit through Rajasthan State Mines & Minerals Limited as well as from Bhutan. and Chemical Gypsum being a bye-product of fertilizer plant is available from the fertilizer plants. Mill scale / Iron ore is an ingredient for clinker manufacture to provide requisite iron content in clinker. While Mill scale is the scrap of rolling mills, iron ore is a mineral and these two items could alternatively be used for clinker manufacture. Although mill scale is not available in desired quantity due to export potential of the material, iron ore is available in desired quantity. Another important material is fly ash which is blended with ground clinker and the same is available from power plants situated in the vicinity of about 200-250 K.M.

### **Robust Brand**

Our Company sells cement produced by it in two popular brands known as (i) KC Super and (ii) KC Special. Our Brands are well accepted in Bihar as well as other marketing areas of our Company.

### **Extensive marketing and distribution network**

Our Company has a large network of dealers spread over the State of Bihar and other marketing areas. Our Company appoints "Sales Promoters" who serve as the link between company and the dealers. The Company has warehouses in Bihar, Jharkhand, Uttar Pradesh and West Bengal.

### **Modern Plant**

Our Plant is equipped with all modern facility to achieve present capacity of one million tons. Our plant has following modern equipments:

- Pyroclones and Precalculator for Pyro-processing through 5-stage suspension pre-heater
- Extremely power efficient High Pressure Grinding Rolls for separate grinding of raw meal, clinker and slag (although slag presently is not being used as an additive in cement manufacture)
- Process control through programmable logic controllers
- Continuous quality control through X-ray analyzer
- Stacker reclaimers for homogenous feed quality

- Equipment for use of waste heat for drying of materials
- Efficient rotary kiln for manufacturing clinker

### **Experienced Management**

Our Company is managed by a team of experienced and professional personnel having knowledge of all aspects of operations, engineering, material management, marketing and finance. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business. Our Chairman, Mr. Satyadeva Prakash Sinha and Managing Director, Mr. Shailendra P. Sinha has over 50 and 40 years of experience respectively in the cement industry. We believe our management and executive team have the long-term vision to provide stability and continuity to our businesses. We also believe that the understanding and expertise of our management and executive team of the cement business will enable us to grow in a focused and constructive manner.

### **Our Business Strategy**

#### **Capacity Optimization**

In order to optimize our capacity, we have undertaken debottlenecking in some sections of the plant by installing equipments for removing imbalances in those areas and aligning the same with overall facilities. With all the major equipments capable of achieving production upto 1.15 MTPA, certain additional balancing and modification are required particularly in terms of installation of (a) Fly ash silo for storing fly ash presently being used as additive, and (b) Up-gradation of existing pneumatic conveying system

#### **Improvement in Operations**

In the past, we were not able to utilize our production capacity fully because of initial teething problems and till the plant's stabilization in 1996 and further due to various economic & commercial reasons like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining leases and a huge spending on expensive mines which affected the operations adversely. However, as a result of various operational restructuring measures taken by the company, we have been able to increase the capacity utilization of our plant and in the near future, we have plans to increase the capacity utilization of our Plant to 90%.

#### **Strengthen our position in the region we operate**

The cement industry in India is region-focused due to the high transportation costs. Our Company's strategy is to focus on maximizing net sales realization by focusing on sales of our product in the region we operate. The Company's strategy is to focus on saturating the markets which are close to our plant where we enjoy a significant freight advantage. Moreover, the growth in Bihar and Eastern India has presented a growth opportunity for our Company.

#### **Reduction in power cost by installation of captive power plant**

The million ton cement plant, with a view to becoming competitive from energy cost viewpoint needs to have a captive power plant which will help reduce cost of energy substantially besides improving quality of power in terms of uninterrupted supply. In this regard, our company has already initiated steps towards setting up a captive power plant. The captive power plant will help us remain competitive in long run.

#### **Promote our Brand**

To promote our Company's products and our brand with distributors who are the interface between the customers and our Company, our Company organizes meetings with distributors/dealers/customers. Our Company also undertakes advertising and promotional campaigns in select areas to increase the brand awareness, enhance the understanding and reach of our Company's products. Direct promotional efforts to reach out to contractors and builders are also undertaken.

**Ensuring continuous raw material supply**

Our Company is focused on ensuring long-term availability of raw materials used in manufacturing of cement. We put a continuous check on supply/ stock of all the major raw materials like limestone, coal, mill scale/ iron ore, gypsum and other additives particularly fly ash for our plant. We are also pursuing with the Govt. of Bihar and Ministry of Environment & Forest (MOEF), Govt. of India for new leases for mining of limestone. We believe that this would reduce uncertainty in availability of raw materials and also assist us in arresting significant increase in costs of raw materials.

## SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the financial information. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “*Financial Information*” at page 123.

## Restated Statement of Assets and Liabilities

(₹ in Lacs)

|           |                                      | As on 31st March   |                    |                    |                    |                    |
|-----------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|           | Particulars                          | 2012               | 2011               | 2010               | 2009               | 2008               |
| <b>A.</b> | <b>Non-current Assets</b>            |                    |                    |                    |                    |                    |
|           | <b>Fixed Assets:</b>                 |                    |                    |                    |                    |                    |
|           | Tangible Assets                      | 7,881.17           | 8,862.72           | 9,020.10           | 10,061.80          | 10,029.95          |
|           | Intangible Assets                    | 1.91               | 2.46               | 2.35               | 3.55               | -                  |
|           | Capital work-in-progress             | 11.74              | 190.83             | 69.46              | 151.69             | 39.42              |
|           |                                      | <b>7,894.82</b>    | <b>9,056.01</b>    | <b>9,091.91</b>    | <b>10,217.04</b>   | <b>10,069.37</b>   |
|           | Long-term Loans and Advances         | 660.89             | 602.32             | 592.96             | 585.94             | 606.58             |
|           | <b>Total Non-current Assets</b>      | <b>8,555.71</b>    | <b>9,658.33</b>    | <b>9,684.87</b>    | <b>10,802.98</b>   | <b>10,675.95</b>   |
| <b>B.</b> | <b>Current Assets</b>                |                    |                    |                    |                    |                    |
|           | Current Investments                  | -                  | -                  | -                  | 250.00             | -                  |
|           | Inventory                            | 2,790.43           | 3,240.94           | 3,761.67           | 2,177.85           | 1,723.16           |
|           | Trade Receivables                    | 292.15             | 407.28             | 384.40             | 129.57             | 275.14             |
|           | Cash and Cash Equivalents            | 391.37             | 654.11             | 1,092.75           | 523.55             | 519.02             |
|           | Short-term Loans and Advances        | 422.73             | 757.58             | 1,784.36           | 2,254.49           | 1,767.33           |
|           | Other Current Assets                 | 97.94              | 131.95             | 124.34             | 116.34             | 96.03              |
|           | <b>Total Current Assets</b>          | <b>3,994.62</b>    | <b>5,191.86</b>    | <b>7,147.52</b>    | <b>5,451.80</b>    | <b>4,380.68</b>    |
| <b>C.</b> | <b>Non-current Liabilities</b>       |                    |                    |                    |                    |                    |
|           | Long-term Borrowings                 | 9,970.38           | 11,147.78          | 12,740.70          | 16,524.87          | 15,523.74          |
|           | Other Long-term Liabilities          | 2,390.41           | 2,858.80           | 3,336.34           | 2,728.48           | 2,809.70           |
|           | Long-term Provisions                 | 1,566.18           | 1,489.98           | 1,379.80           | 1,155.42           | 1,004.99           |
|           | <b>Total Non-current Liabilities</b> | <b>13,926.97</b>   | <b>15,496.56</b>   | <b>17,456.83</b>   | <b>20,408.77</b>   | <b>19,338.43</b>   |
| <b>D.</b> | <b>Current Liabilities</b>           |                    |                    |                    |                    |                    |
|           | Short-term Borrowings                | 375.20             | 450.77             | 8.03               | -                  | -                  |
|           | Trade Payables                       | 4,727.97           | 3,578.28           | 2,477.23           | 2,165.40           | 1,787.62           |
|           | Other Current Liabilities            | 13,117.36          | 9,815.59           | 9,530.52           | 7,576.66           | 11,285.64          |
|           | Short-term Provisions                | 112.64             | 127.47             | 128.12             | 114.91             | 151.03             |
|           | <b>Total Current Liabilities</b>     | <b>18,333.17</b>   | <b>13,972.11</b>   | <b>12,143.90</b>   | <b>9,856.97</b>    | <b>13,224.29</b>   |
| <b>E.</b> | <b>Net Worth (A+B-C-D)</b>           | <b>(19,709.82)</b> | <b>(14,618.51)</b> | <b>(12,768.35)</b> | <b>(14,010.96)</b> | <b>(17,506.11)</b> |
|           | <b>Represented by:</b>               |                    |                    |                    |                    |                    |
|           | <b>Shareholder' Funds</b>            |                    |                    |                    |                    |                    |
| F.        | Share Capital                        | 2,125.38           | 2,125.38           | 2,125.38           | 2,125.38           | 169.38             |
|           | Equity Share Capital                 |                    |                    |                    |                    |                    |
|           | Preference Share Capital             | 661.76             | 661.76             | 661.76             | 661.76             | 661.76             |
| G.        | Reserves and Surplus                 | (22,496.96)        | (17,405.65)        | (15,555.49)        | (16,798.10)        | (18,337.26)        |
| <b>H.</b> | <b>Net Worth (F+G)</b>               | <b>(19,709.82)</b> | <b>(14,618.51)</b> | <b>(12,768.35)</b> | <b>(14,010.96)</b> | <b>(17,506.12)</b> |

The above statement should be read together with Summary of Significant Accounting Policy and Notes on Account –As Restated (Annexure IV)

## Restated Statement of Profit and Loss Account

(₹ in Lacs)

| Particulars   | For the Year ended 31st March |                   |                  |                   |                   |
|---|-------------------------------|-------------------|------------------|-------------------|-------------------|
|   | 2012                          | 2011              | 2010             | 2009              | 2008              |
| <b>Revenue</b>  |                               |                   |                  |                   |                   |
| Revenue from Operations   |                               |                   |                  |                   |                   |
| Sales Revenue   | 22,062.02                     | 26,928.25         | 25,748.98        | 20,489.49         | 17,538.40         |
| Less: Excise Duty   | 3,020.06                      | 3,270.48          | 2,612.79         | 2,463.12          | 2,076.04          |
| <b>Revenue from Operations (Net)</b>  | <b>19,041.96</b>              | <b>23,657.77</b>  | <b>23,136.19</b> | <b>18,026.37</b>  | <b>15,462.36</b>  |
| <b>Other Income</b>   | <b>2,422.74</b>               | <b>99.14</b>      | <b>107.87</b>    | <b>24.32</b>      | <b>21.91</b>      |
| <b>Total Revenue</b>  | <b>21,464.70</b>              | <b>23,756.91</b>  | <b>23,244.06</b> | <b>18,050.69</b>  | <b>15,484.27</b>  |
| <b>Expenses</b>   |                               |                   |                  |                   |                   |
| Cost of Materials Consumed  | 3,532.25                      | 3,466.12          | 2,485.70         | 1,850.31          | 1,335.83          |
| Other Manufacturing Expenses  | 13,147.29                     | 12,843.84         | 11,244.27        | 9,006.96          | 7,694.36          |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 383.52                        | (510.06)          | (281.72)         | (8.35)            | 297.04            |
| Employee benefits Expenses  | 3,081.95                      | 3,065.37          | 2,970.37         | 2,384.21          | 2,254.82          |
| Finance Costs   | 1,123.91                      | 299.79            | 248.33           | 187.83            | 282.55            |
| Depreciation and Amortisation   | 1,467.11                      | 1,380.64          | 1,383.41         | 1,475.75          | 1,338.26          |
| Freight & Selling Expenses  | 2,879.20                      | 4,310.12          | 4,045.41         | 3,811.64          | 2,827.03          |
| Other Expenses  | 558.47                        | 635.59            | 651.90           | 580.30            | 453.21            |
| <b>Total Expenses</b>   | <b>26,173.70</b>              | <b>25,491.41</b>  | <b>22,747.67</b> | <b>19,288.65</b>  | <b>16,483.15</b>  |
| <b>Profit before exceptional and extraordinary items and Tax</b>              | <b>(4,709.00)</b>             | <b>(1,734.50)</b> | <b>496.39</b>    | <b>(1,237.96)</b> | <b>(998.83)</b>   |
| <b>Exceptional Items</b>  | -                             | -                 | -                | 1.21              | 316.05            |
| <b>Profit Before Extraordinary Items and Tax</b>                              | <b>(4,709.00)</b>             | <b>(1,734.50)</b> | <b>496.39</b>    | <b>(1,239.17)</b> | <b>(1,314.88)</b> |
| <b>Extraordinary Items</b>  | (382.26)                      | (115.65)          | 751.98           | 2787.59           | 1933.69           |
| <b>Profit Before Tax</b>  | <b>(5,091.26)</b>             | <b>(1,850.15)</b> | <b>1,248.37</b>  | <b>1,548.42</b>   | <b>618.81</b>     |
| <b>Tax Expenses:</b>  |                               |                   |                  |                   |                   |
| Current Tax –FBT  | 0.05                          | -                 | 5.77             | 9.27              | 8.75              |
| Deferred Tax  | -                             | -                 | -                | -                 | -                 |
| <b>Profit/(Loss)for the period from continuing operations</b>                 | <b>(5,091.31)</b>             | <b>(1,850.15)</b> | <b>1,242.60</b>  | <b>1,539.15</b>   | <b>610.06</b>     |

The above statement should be read together with Summary of Significant Accounting Policy and Notes on Account –As Restated (Annexure IV)

## Restated Statement of Cash flow Statement

(₹ in Lacs)

| Particulars  | As on 31st March  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2011-12           | 2010-11           | 2009-10           | 2008-09           | 2007-08           |
| <b>Cash flow from Operating activities</b>                 |                   |                   |                   |                   |                   |
| Net Profit/(Loss) before Tax and extra-ordinary Income     | (4,709.05)        | (1,734.50)        | 490.62            | (1,248.44)        | (1,323.63)        |
| <b>Adjustment for</b>                                      |                   |                   |                   |                   |                   |
| Depreciation   | 1,467.11          | 1,380.64          | 1,383.41          | 1,475.75          | 1,338.26          |
| Interest & Finance Charges                                 | 1,123.91          | 299.79            | 248.33            | 187.83            | 282.55            |
| Extra-ordinary Items                                       | (382.26)          | (115.65)          | 751.98            | 2787.59           | 1933.69           |
| <b>Cash flow before Working Capital Changes</b>            | <b>(2,500.30)</b> | <b>(169.72)</b>   | <b>2874.34</b>    | <b>3202.73</b>    | <b>2230.87</b>    |
| Adjustment for   |                   |                   |                   |                   |                   |
| (Increase)/Decrease in Receivables                         | 115.13            | (22.88)           | (254.83)          | 145.57            | (144.70)          |
| (Increase)/Decrease in Inventories                         | 450.51            | 520.73            | (1,583.82)        | (454.69)          | 505.22            |
| (Increase)/Decrease in Loans & Advances                    | 312.57            | 989.78            | 435.14            | (527.81)          | (323.85)          |
| Increase/(Decrease) in Current Liabilities & Provisions    | 3,495.88          | 3,368.22          | (143.12)          | (537.46)          | (1,390.60)        |
| <b>Net Cash from Operating Activities (A)</b>              | <b>4,374.09</b>   | <b>4,855.85</b>   | <b>(1,546.63)</b> | <b>(1,374.39)</b> | <b>(1,353.93)</b> |
| <b>Cash flow from Investing activities</b>                 |                   |                   |                   |                   |                   |
| (Increase)/Decrease in Fixed Assets inc. WIP               | (249.65)          | (1,315.35)        | (231.28)          | (1,603.09)        | (124.74)          |
| <b>Net Cash from Investing Activities (B)</b>              | <b>(249.65)</b>   | <b>(1,315.35)</b> | <b>(231.28)</b>   | <b>(1,603.09)</b> | <b>(124.74)</b>   |
| <b>Cash flow from Financing activities</b>                 |                   |                   |                   |                   |                   |
| Increase in Share Capital                                  | 0.00              | 0.00              | 0.00              | 1,956.00          | 0.00              |
| Repayments of Debts  | (588.10)          | (2,803.90)        | (1,426.84)        | (1,828.74)        | (808.82)          |
| Interest & Finance Charges Paid                            | (1,123.91)        | (299.79)          | (248.33)          | (187.83)          | (282.55)          |
| (Increase)/Decrease in Non-Current Assets                  | (58.57)           | (9.36)            | (7.02)            | 20.64             | (112.79)          |
| (Increase)/Decrease in Investments                         | -                 | -                 | 250.00            | (250.00)          | 125.00            |
| Increase/(Decrease) in Non-Current Liabilities             | (116.32)          | (696.36)          | 904.95            | 69.21             | 79.06             |
| <b>Net Cash used in Financing Activities (C)</b>           | <b>(1886.89)</b>  | <b>(3,809.41)</b> | <b>(527.24)</b>   | <b>(220.72)</b>   | <b>(1,000.10)</b> |
| <b>Net increase in Cash &amp; Cash equivalents (A+B+C)</b> | <b>(262.75)</b>   | <b>(438.63)</b>   | <b>569.20</b>     | <b>4.53</b>       | <b>(247.90)</b>   |
| <b>Opening Balance</b>                                     | <b>654.12</b>     | <b>1,092.75</b>   | <b>523.55</b>     | <b>519.02</b>     | <b>766.92</b>     |
| <b>Closing Balance</b>                                     | <b>391.37</b>     | <b>654.12</b>     | <b>1,092.75</b>   | <b>523.55</b>     | <b>519.02</b>     |

**THE ISSUE**

This issue of Equity Shares is being made by the Company as set forth below:

| <b>Issue details in brief</b>  |   |
|--|---|
| Equity Shares offered by the Company   | 1,06,24,527 Equity Shares of ₹10 each                                 |
| Rights Entitlement   | 1 Equity Share for every 2 Equity Shares held on the Record Date      |
| Record Date  | [•]   |
| Issue Price  | ₹ 10 per Equity Share   |
| Equity Shares Outstanding prior to the Issue   | 2,12,49,054 Equity Shares   |
| Equity Shares Outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement) | 3,18,73,581 Equity Shares   |
| <b>Use of Issue proceeds</b>   | See section titled “ <i>Objects of the Issue</i> ” on page 47.        |
| <b>Terms of the Issue</b>  | See section titled “ <i>Terms of the Present Issue</i> ” on page 204. |
| <b>Security Codes :</b>  |   |
| <b>ISIN:</b>   | INE991E01022  |
| <b>BSE :</b>   | 502150  |
| <b>CSE:</b>  | 21105   |

**Payment terms**

The payment terms available to the Investors are as follows:

| Due Date                               | Amount  |
|--|---|
| On Application of Rights Equity Shares | ₹10 which constitutes 100% of the Issue Price |

## GENERAL INFORMATION

### Dear Shareholder(s),

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on May 25, 2012, it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

**ISSUE OF 1,06,24,527 EQUITY SHARES OF ₹ 10 EACH FOR CASH AT PAR AGGREGATING TO ₹ 1062.45 LACS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD ON THE RECORD DATE I.E. [●] (“THE ISSUE”).**

### Registered Office of the Company

2 & 3, Dr. Rajendra Prasad Sarani  
Kolkata – 700001, West Bengal  
Tel.: +91 33 22302977/ 22306470  
Fax: +91 33 22301909

### Corporate Office of the Company

Maurya Centre,  
1, Fraser Road,  
Patna 800 001  
Tel.: +91 612 2221551  
Fax: +91 612 2332884

**Website:**[www.kalyanpur.com](http://www.kalyanpur.com)

**E-mail:**[pkchaubey@kalyanpur.com](mailto:pkchaubey@kalyanpur.com)

**Registration Number:** 009086

**CIN No. -** L26942WB1937PLC009086

### Address of the RoC:

The company is registered at the Registrar of Companies, West Bengal located at Nizam Palace, IInd MSO Building, 2<sup>nd</sup> Floor, 234/4, A. J. C. Bose Road, Kolkata – 700020, India.

**The offer is proposed to be listed at:** BSE Limited (Designated Stock Exchange) and Calcutta Stock Exchange Limited where the existing Equity Shares of the Company are presently listed.

### Company Secretary and Compliance Officer

#### **P. K. Chaubey**

Maurya Centre  
1, Fraser Road  
Patna 800 001  
Tel.: +91 612 2226727, 3092009  
Fax: +91 612 2332884

**Website:**[www.kalyanpur.com](http://www.kalyanpur.com)

**E-mail:**[pkchaubey@kalyanpur.com](mailto:pkchaubey@kalyanpur.com)

**Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any Pre-issue / Post-issue related problems such as non-receipt of letters of allotment/ share certificates/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders, etc.**

## BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of the Company comprise 8 members as under:

| Name                     | Designation             | Status  |
|--------------------------|-------------------------|---|
| Satyadeva Prakash Sinha  | Executive Chairman      | Promoter and Executive Director                                     |
| Shailendra Prakash Sinha | Managing Director       | Promoter and Executive Director                                     |
| Anant Prakash Sinha      | Joint Managing Director | Executive Director  |
| Deb Narayan Bhandari     | Director                | Non-Executive & Independent Director                                |
| Bijay Chandra Srivastava | Director                | Non-Executive & Independent Director                                |
| Kailash Chandra Varshney | Director                | Non-Executive & Independent Director                                |
| Mahendra Gumanmal Lodha  | Director                | Non-Executive & Non-Independent Director                            |
| Ashok Kumar Mallick      | Director                | Non-Executive & Independent Director<br>(Nominee of Govt. of Bihar) |

For details of the Board of directors of the Company, see section titled “*Our Management*” on page 90.

### Legal Advisor to the Issue

**Mr. Anjani Kumar Singh**  
**Advocate**

House No. 46, Gandhi Nagar  
Boring Road, Patna – 800 001  
Tel: 0612 2320458  
Email: [anjaniksinghlaw@yahoo.co.in](mailto:anjaniksinghlaw@yahoo.co.in)

### Bankers to the Company

**ICICI Bank Limited**

Fraser Road, Patna - 800 001  
Tel.: 0612 3213961  
Fax: 0612 2214621  
Email: [customer.care@icicibank.com](mailto:customer.care@icicibank.com)  
Website: [www.icicibank.com](http://www.icicibank.com)

### Statutory Auditors of our Company

**M. Mukherjee & Co.**

Chartered Accountants  
24, Netaji Subhas Road, 2<sup>nd</sup> Floor, Room No. 24  
Kolkata – 700 001  
Tel.: 91-33 2230 1882  
Fax: 91-33 2230 4886  
Email: [mmukherjee\\_company@rediffmail.com](mailto:mmukherjee_company@rediffmail.com)  
Website: [www.mmca.in](http://www.mmca.in)

**Firm Registration No. - 303013E**

**Contact Person:** Mr. Spandan Sengupta (Membership No. 135833)

### Lead Manager to the Issue

**Microsec Capital Limited**

Azimganj House, 2<sup>nd</sup> Floor  
7, Camac Street, Kolkata – 700 017  
Tel.: 91-33 22829330  
Fax: 91-33 22829335  
E-mail: [kalyanpur@microsec.in](mailto:kalyanpur@microsec.in)  
Website: [www.microsec.in](http://www.microsec.in)  
SEBI Registration No.: INM000010791  
**Contact Person:** Mr. Manav Goenka

**Registrar to the Issue**

**Link Intime India Pvt. Ltd.**

59C, Chowringhee Road,  
3<sup>rd</sup> Floor, Kolkata – 700 020  
Tel: 91-33 2289 0540  
Fax: 91-33 2289 0539  
Investor grievance e-mail: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
SEBI Registration No.: INR000004058  
Contact Person: Mr. Subhabrata Biswas

Investors may contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post Issue related problems.

**Bankers to the Issue**

[•]

**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in).

**Credit Ratings**

Since the present issue is a rights issue, no credit rating is required.

**Trustees**

Since the present issue is of Equity Shares, appointment of Trustees is not required.

**Appraising Agency**

The project under the Issue is not appraised.

**Monitoring Agency**

As the Issue is an issue of Equity Shares aggregating to an amount not exceeding ₹ 50,000 Lacs, no monitoring agency is required to be appointed in respect of the Issue.

**Inter-se Allocation of Responsibilities**

Microsec Capital Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by it. The various activities have been set forth below.

| Sl. No. | Activities  |
|---------|---|
| 1       | Capital Structuring with the relative components and formalities such as the composition of debt and equity, type of instruments etc.   |
| 2       | Liaison with the Stock Exchanges and SEBI including obtaining in principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI  |
| 3       | Due Diligence of Company's operations / management / legal / business plans   |
| 4       | Drafting and Design of the offer document. The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities (including finalisation of Letter of Offer) with Stock Exchanges and SEBI |
| 5       | Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate film etc.   |

- 
- |   |  |
|---|--|
| 6 | Marketing of the Issue which will cover, inter alia, formulating marketing strategies, preparation of publicity budgets, arrangements for selection of ad media, centres of holding conferences, collection centres, distribution of publicity and issue material including application form, Letter of Offer, Abridged Letter of Offer; and brochure and deciding the quantum of issue material   |
| 7 | Selection of various agencies connected with the Issue, namely Registrars to the Issue, Banker to the Issue, Printers and Advertisement agencies   |
| 8 | Follow up with Bankers to the Issue to get estimates of Collection, and advising the Issuer about closure of the Issue, based on correct figures   |
| 9 | The post issue activities will involve essential follow up steps which must include finalization of basis of allotment/weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the activities such as Registrars to the Issue, Bankers to the Issue. Whilst, many of the post issue activities will be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Issuer Company. |
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### **Book Building Process**

As the Issue is a rights issue, the Issue shall not be made through the book building process

### **Principal Terms of Loan and Assets charged as security**

For more information on our principal borrowings and assets charged as security, see “*Financial Indebtedness*” on page 159.

### **Standby Underwriting Agreement**

The present Rights Issue is not underwritten. However, the Promoters have confirmed vide their Letter of Intent dated September 18, 2012 that they intend to subscribe to the full extent of their entitlement in the Issue in compliance with regulation 10 (4) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (“the Takeover Regulations”). The Promoters have further confirmed that they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least 90% of the Issue size is subscribed. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by them shall be in accordance with regulation 10 (4) of the Takeover Regulations. As a result of this subscription and consequent allotment, the Promoters may acquire equity shares over & above their entitlement in the Issue, which may result in their shareholding in the Company being above the current shareholding. However, such subscription shall not result in breach of minimum public shareholding requirement as stipulated in the Listing Agreement.

## CAPITAL STRUCTURE

The capital structure of the Company and related information is set forth below:

|   |   | ₹ in Lacs               |                                |
|---|---|-------------------------|--------------------------------|
|   |   | Aggregate Nominal Value | Aggregate Value at Issue Price |
| <b>Authorized Share Capital</b>   |   |                         |                                |
| 7,00,00,000   | Equity Shares of ₹ 10/- each                                | 7,000.00                |                                |
| 44,11,766   | 0.1% Cumulative Redeemable Preference Shares of ₹15/- each  | 661.76                  |                                |
| 2,00,82,351   | Unclassified Preference Shares of ₹ 10/- each               | 2,008.24                |                                |
| <b>Issued and Subscribed Capital</b>  |   |                         |                                |
| 2,12,67,965   | Equity Shares of ₹ 10/- each                                | 2,126.80                |                                |
| 44,11,766   | 0.1% Cumulative Redeemable Preference Shares of ₹ 15/- each | 661.76                  |                                |
| <b>Paid-Up Capital</b>  |   |                         |                                |
| 2,12,49,054   | Equity Shares of ₹ 10/- each                                | 2125.38*                |                                |
| 44,11,766   | 0.1% Cumulative Redeemable Preference Shares of ₹ 15/- each | 661.76                  |                                |
| <b>Present issue being offered to the Equity Shareholders through the Draft Letter of Offer</b>                 |   |                         |                                |
| 1,06,24,527   | Equity Shares of ₹ 10/- each at par                         | 1062.45                 | 1062.45                        |
| <b>Paid Up capital after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)</b> |   |                         |                                |
| 3,18,73,581   | Equity Shares of ₹ 10/- each fully paid up                  | 3187.83*                |                                |
| <b>Share Premium Account</b>  |   |                         |                                |
|   | Existing Share premium account                              | 2,049.29                |                                |
|   | Share premium account after the issue                       | 2,049.29                |                                |

\* Including Equity shares forfeited amount of ₹ 0.47 Lacs

## Notes to the Capital Structure

## 1. a) Build up of Paid-up Share Capital

The following is the history of the Equity Share Capital of the Company:

| Date of allotment  | Number of Equity Shares | Face Value (₹) | Issue Price (₹) | Form of consideration | Nature of Allotment   | Cumulative No. of shares | Cumulative Share Premium (₹Lacs) |
|--------------------|-------------------------|----------------|-----------------|-----------------------|---|--------------------------|----------------------------------|
| 11-Aug-37          | 90                      | 100            | 100             | Cash                  | Initial subscription to the Company's Memorandum of Association | 90                       | --                               |
| Upto 31-October-38 |                         | 100            | 100             | Cash                  | Further allotment*  | 4,645                    | --                               |
| 03-Jul-39          | 42                      | 100            | 100             | Cash                  | Further allotment   | 4,687                    | --                               |
| 29-Aug-39          | 27                      | 100            | 100             | Cash                  | Further allotment   | 4,714                    | --                               |
| 02-Dec-39          | 100                     | 100            | 100             | Cash                  | Further allotment   | 4,814                    | --                               |
| 24-Feb-40          | 20                      | 100            | 100             | Cash                  | Further allotment   | 4,834                    | --                               |
| 21-Sept-40         | 1                       | 100            | 100             | Cash                  | Further allotment   | 4,835                    | --                               |
| 30-Nov-40          | 1                       | 100            | 100             | Cash                  | Further allotment   | 4,836                    | --                               |
| 30-Nov-40          | (356)**                 |                |                 |                       | Forfeiture of shares  | 4,480                    | --                               |
| 13-Dec-40          | (90)**                  |                |                 |                       | Forfeiture of shares  | 3,580                    | --                               |
| 25-Feb-41          | 5***                    |                |                 |                       | Rescinding of forfeiture  | 3,585                    | --                               |
| 25-Feb-41          | 2                       | 100            | 100             | Cash                  | Further allotment   | 3,587                    | --                               |
| 25-Feb-41          | 900***                  |                |                 |                       | Rescinding of forfeiture  | 4,487                    | --                               |
| 29-Jul-41          | 10                      | 100            | 100             | Cash                  | Further allotment   | 4,497                    | --                               |
| 16-Aug-41          | 30                      | 100            | 100             | Cash                  | Further allotment   | 4,527                    | --                               |

|            |  |     |      |                 |  |             |          |  |
|------------|--|-----|------|-----------------|--|-------------|----------|--|
| 30-Oct-41  | (338) **   |     |      |                 | Forfeiture of shares                   | 4,189       | --       |  |
| 17-Jan-42  | 5  | 100 | 100  | Cash            | Further allotment                      | 4,194       | --       |  |
| 07-May-42  | 1***   |     |      |                 | Rescinding of forfeiture               | 4,195       | --       |  |
| 07-May-42  | (1) **   |     |      |                 | Forfeiture of shares                   | 4,194       | --       |  |
| 14-Jul-42  | (56) **  |     |      |                 | Forfeiture of shares                   | 4,138       | --       |  |
| 09-Sept-42 | 2***   |     |      |                 | Rescinding of forfeiture               | 4,140       | --       |  |
| 06-Nov-42  | 3***   |     |      |                 | Rescinding of forfeiture               | 4,143       | --       |  |
| 17-Mar-43  | 65   | 100 | 100  | Cash            | Further allotment                      | 4,208       | --       |  |
| 11-May-43  | 4500   | 100 | 100  | Cash            | Further allotment                      | 8,708       | --       |  |
| 10-Aug-43  | (30) **  |     |      |                 | Forfeiture of shares                   | 8,678       | --       |  |
| 23-Jul-44  | 552  | 100 | 100  | Cash            | Further allotment                      | 9,230       | --       |  |
| 23-Jul-44  | 770  | 100 |      |                 | Re-issue of Forfeited Shares           | 10,000      | --       |  |
| 11-Dec-47  | (8) **   |     |      |                 | Forfeiture of shares                   | 9,992       | --       |  |
| 11-Dec-47  | 5,000  | 100 | 100  | Cash            | Further allotment                      | 14,992      | --       |  |
| 14-Nov-50  | 8  |     |      |                 | Re-issue of Forfeited Shares           | 15,000      | --       |  |
| 24-Jun-54  | 15,750   | 100 |      |                 | Further allotment                      | 30,750      | --       |  |
|            |  |     |      | Other than cash |  | 32,750      |          |  |
| 30-Apr-57  | 2,000  | 100 | N.A. |                 | By conversion of 8,000 Deferred Shares |             | --       |  |
| 25-Sept-57 | 21,500   | 100 | 100  | Cash            | Initial Public Issue                   | 54,250      | --       |  |
|            | Sub-division of each equity share of face value ₹ 100 each into 10 Equity Shares of face value ₹ 10 each |     |      |                 |  |             | 5,42,500 |  |
| 02-Nov-64  |  |     |      |                 |  |             |          |  |
| 27-Mar-65  | 4,57,500   | 10  | 10   | Cash            | Further Allotment                      | 10,00,000   | --       |  |
| 19-Feb-70  | 6,00,000   | 10  | 10   | Cash            | Further Allotment                      | 16,00,000   | --       |  |
| 09-Jan-79  | 2,75,000   | 10  | 10   | Cash            | Further Allotment                      | 18,75,000   | --       |  |
| 19-Jan-91  | 56,25,000  | 10  | 10   | Cash            | Rights Issue                           | 75,00,000   | --       |  |
| 17-May-93  | 75,00,000  | 10  | 10   | Cash            | Rights Issue                           | 1,50,00,000 | --       |  |
| 07-Jun-95  | 50,00,000  | 10  | 15   | Cash            | Rights Issue                           | 2,00,00,000 | 167.07   |  |
| 18-Jul-96  | 1,00,00,000  | 10  | 28   | Cash            | Further Allotment                      | 3,00,00,000 | 2050.00  |  |
| 14-May-97  | (18,911) **  |     |      |                 | Forfeiture of shares                   | 2,99,81,089 | 2049.29  |  |
| 29-Apr-99  | 38,00,000  | 10  | 10   | Cash            | Further Allotment                      | 3,37,81,089 | 2049.29  |  |
| 21-Nov-06  | #  | 10  |      | N.A.            | Reduction of capital                   | 16,89,054#  | 2049.29  |  |
| 04-Oct-08  | 1,95,60,000  | 10  | 10   | Cash            | Further Allotment                      | 2,12,49,054 | 2049.29  |  |

\* The first balance sheet of the Company made as at October 31, 1938 shows 4645 equity shares being issued.

\*\* Forfeiture of 356 equity shares, 900 equity shares, 338 equity shares, 1 equity share, 56 equity shares, 30 equity shares, 8 equity shares and 18,911 equity shares on account of unpaid calls, pursuant to a resolution passed by the Board on November 30, 1940, December 13, 1940, October 31, 1941, May 7, 1942, July 14, 1942, August 10, 1943, December 11, 1947 and May 14, 1997 respectively

\*\*\* Forfeiture made earlier rescinded by the board of directors on account of receipt of payment against allotment money.

#The High Court of Calcutta by its order dated November 21, 2006, in Company Petition No. 319 of 2006, under Section 391(2) of the Companies Act, approved the Scheme of Compromise between Our Company, its shareholders and secured creditors, for restructuring of its capital and debts and reviving its operations. Pursuant to this scheme, the Equity share capital of the Company has been reduced by 95% leading to reduction in face value of Equity Shares from ₹ 10 each to ₹ 0.50 each and simultaneously, 20 Shares of ₹ 0.50 have been consolidated into 1 Equity Share of ₹ 10 each.

The following is the history of the Preference Share Capital of the Company:

| Date of allotment  | Number of Preference Shares | Face Value (₹) | Issue Price (₹) | Consideration | Nature of Allotment                             | Cumulative No. of shares | Cumulative Share Premium (₹Lacs) |
|--------------------|-----------------------------|----------------|-----------------|---------------|---|--------------------------|----------------------------------|
| Upto 31-October-38 |                             | 100            | 100             | Cash          | Allotment of Preference Shares of ₹ 100/- each* | 1,540                    | --                               |
| 03-Jul-39          | 77                          | 100            | 100             | Cash          | Allotment of Preference Shares of ₹ 100/- each  | 1,617                    | --                               |
| 29-Aug-39          | 47                          | 100            | 100             | Cash          | Allotment of Preference Shares of ₹ 100/- each  | 1,664                    | --                               |
| 24-Feb-40          | 1                           | 100            | 100             | Cash          | Allotment of Preference Shares of ₹ 100/- each  | 1,665                    | --                               |
| 30-Nov-40          | (59)**                      |                |                 |               | Forfeiture of shares                            | 1,606                    | --                               |
| 25-Feb-41          | 5                           | 100            | 100             | Cash          | Allotment of Preference Shares of ₹ 100/- each  | 1,611                    | --                               |

|            |             |     |     |       |   |           |    |
|------------|-------------|-----|-----|-------|---|-----------|----|
| 25-Feb-41  | 5***        |     |     |       | Rescinding of forfeiture  | 1,616     | -- |
| 14-Jun-41  | 20          | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 1,636     | -- |
| 14-Jun-41  | 10***       |     |     |       | Rescinding of forfeiture  | 1,646     | -- |
| 16-Aug-41  | 20          | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 1,666     | -- |
| 16-Sept-41 | (10)        |     |     |       | Revocation of recession of forfeiture made on 14-Jun-41   | 1,656     | -- |
| 30-Oct-41  | (29)**      |     |     |       | Forfeiture of shares  | 1,627     | -- |
| 17-Jan-42  | 2           | 100 | 100 | Cash  | Allotment of Preference Shares of ₹100/- each   | 1,629     | -- |
| 07-May-42  | 5           | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 1,634     | -- |
| 07-May-42  | 1***        |     |     |       | Rescinding of forfeiture  | 1,635     | -- |
| 07-May-42  | (10)**      |     |     |       | Forfeiture of shares  | 1,625     | -- |
| 14-Jul-42  | (108)**     |     |     |       | Forfeiture of shares  | 1,517     | -- |
| 09-Sept-42 | 1***        |     |     |       | Rescinding of forfeiture  | 1,518     | -- |
| 06-Nov-42  | 6***        |     |     |       | Rescinding of forfeiture  | 1,524     | -- |
| 17-Mar-43  | 4           | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 1,528     | -- |
| 11-May-43  | 1500        | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 3,028     | -- |
| 10-Aug-43  | (30)**      |     |     |       | Forfeiture of shares  | 2,998     | -- |
| 23-Jul-44  | 779         | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 3,777     | -- |
| 23-Jul-44  | 223         | 100 |     |       | Re-issue of Forfeited Shares  | 4,000     | -- |
| 24-Jun-54  | 15,750      | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 19,750    | -- |
| 27-Mar-65  | 30,250      | 100 | 100 | Cash  | Allotment of Preference Shares of ₹ 100/- each  | 50,000    | -- |
| 1993-94    | 1,66,766#   | 100 | 100 | Cash  | Allotment of 15% Cumulative Redeemable Preference Shares of ₹ 100/- each  | 1,66,766  | -- |
| 24-Mar-98  | 9,25,000    | 100 | 100 | Cash  | Allotment of 15% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each  | 1,091,766 | -- |
| 29-Apr-99  | 33,20,000   | 100 | 100 | Cash  | Allotment of 13% Cumulative Redeemable Preference Shares of ₹100/- each   | 4,411,766 | -- |
| 21-Nov-06  | 44,11,766## | 15  |     | N. A. | Pursuant to order of Calcutta High Court confirming reduction of share capital, the existing Preference share capital has been written down by 85% and converted into 0.10% Cumulative Redeemable Preference Shares of ₹15 each | 4,411,766 | -- |

\* The first balance sheet of the Company made as at October 31, 1938 shows 1540 preference shares being issued.

\*\* Forfeiture of 59 preference shares, 10 preference shares, 10 preference shares, 108 preference shares and 30 preference shares on account of unpaid calls, pursuant a resolution passed by the Board on November 30, 1940, October 31, 1941, May 7, 1942, July 14, 1942 and August 10, 1943 respectively

\*\*\* Forfeiture made earlier rescinded by the board of directors on account of receipt of payment against allotment money.

# By Order of the Company Law Board under section 80(A) of the Companies Act, 1956, the then existing 8.5% Cumulative Preference Shares and 14% Cumulative Redeemable Preference Shares together with their arrear dividend were redeemed by issue of 15%, 166766 Cumulative Redeemable Preference Shares.

## The High Court of Calcutta by its order dated November 21, 2006, in Company Petition No. 319 of 2006, under Section 391(2) of the Companies Act, approved the Scheme of Compromise between Our Company, its shareholders and secured creditors, for restructuring of its capital and debts and reviving its operations. Pursuant to this scheme, The existing Preference Share Capital was written down by 85% leading to reduction in face value of Preference Shares from ₹ 100 each to ₹ 15 each and 44,11,766 new Preference Shares of the series

0.10% Cumulative Redeemable Preference Shares of ₹ 15 each was allotted in lieu thereof. For further details on the Scheme of Compromise see, "History and Certain Corporate Matters" on page 83.

Details of issue of equity shares for consideration other than cash is set forth below.

| Date of allotment | Number of Equity Shares | Face Value (₹) | Issue Price (₹) | Consideration   | Nature of Allotment                     |
|-------------------|-------------------------|----------------|-----------------|-----------------|---|
| 30-Apr-57         | 2,000                   | 100            | N.A.            | Other than cash | By conversion of 8,000 Deferred Shares* |

\* 8,000 Deferred Shares of face value of ₹ 25 each were issued pursuant to a resolution passed by the Board of Directors on January 18, 1939 to the nominees of Kalyanpur Lime Works Limited against transfer of all the assets, properties and liabilities of the Kalyanpur Lime Works Limited to our Company

2. Shareholding pattern of the Company as on September 19, 2012 is as follows:

| Category Code | Category of Shareholder   | Number of Shareholders | Total number of Shares | Number of Shares held in dematerialized form | Total Shareholding as a percentage of total number of Shares |                   | Shares Pledged or otherwise encumbered |                                 |
|---------------|---|------------------------|------------------------|--|--|-------------------|--|---------------------------------|
|               |   |                        |                        |  | As a % of (A+B)  | As a % of (A+B+C) | Number of Shares                       | As a % of (IX)=(VII I)/(IV)*100 |
| (I)           | (II)  | (III)                  | (IV)                   | (V)  | (VI)   | (VII)             | (VIII)                                 | (IX)                            |
| (A)           | Shareholding of Promoter and Promoter Group                         |                        |                        |  |  |                   |  |                                 |
| (1)           | Indian  |                        |                        |  |  |                   |  |                                 |
| (a)           | Individuals/Hindu Undivided Family                                  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (b)           | Central Government/State Government(s)                              | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (c)           | Bodies Corporate  | 1                      | 1,125,342              | 1,125,342                                    | 5.30%  | 5.30%             | NIL                                    | NIL                             |
| (d)           | Financial Institutions/Banks  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (e)           | Any Other (Specify)   | -                      | -                      | -  | -  | -                 | -                                      | -                               |
|               | Sub-total (A)(1)  | 1                      | 1,125,342              | 1,125,342                                    | 5.30%  | 5.30%             | NIL                                    | NIL                             |
| (2)           | Foreign   |                        |                        |  |  |                   |  |                                 |
| (a)           | Individuals(Non-resident Individuals/Foreign Individuals)           | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (b)           | Bodies Corporate  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (c)           | Institutions  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (d)           | Any Other (Specify)   | -                      | -                      | -  | -  | -                 | -                                      | -                               |
|               | Sub-total (A)(2)  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
|               | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | 1                      | 1,125,342              | 1,125,342                                    | 5.30%  | 5.30%             | NIL                                    | NIL                             |
| (B)           | Public Shareholding   |                        |                        |  |  |                   |  |                                 |
| (1)           | Institutions  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
| (a)           | Mutual Funds/UTI  | -                      | -                      | -  | -  | -                 | -                                      | -                               |
|               | i)Unit Trust of India   | 1                      | 3,550                  | 3550   | 0.02%  | 0.02%             | -                                      | -                               |
| (b)           | Financial Institutions/Banks  |                        |                        |  |  |                   |  |                                 |
|               | i)The IFCI Ltd.   | 1                      | 86,141                 | -  | -  | 0.41%             | -                                      | -                               |
|               | ii)Industrial   | 1                      | 86,541                 | 86541  | 0.41%  | 0.41%             | -                                      | -                               |

|     |  |            |                   |                   |               |               |            |            |
|-----|--|------------|-------------------|-------------------|---------------|---------------|------------|------------|
|     | Development Bank of India  |            |                   |                   |               |               |            |            |
|     | iii)Asset Reconstruction Company (India)Ltd.                                     | 1          | 3,079,000         | 3,079,000         | 14.49%        | 14.49%        | -          | -          |
|     | iv)State Bank of India   | 1          | 260               |                   | 0.00%         | 0.00%         | -          | -          |
| (c) | Central Government/State Government(s)   |            |                   |                   |               |               | -          | -          |
|     | i)Govt. of Bihar   | 1          | 175               |                   | 0.00%         | 0.00%         | -          | -          |
|     | ii)B.S.I.D.C.Ltd.  | 1          | 21,742            |                   | 0.10%         | 0.10%         | -          | -          |
|     | iii)B.I.C.I.C.O.Ltd.   | 1          | 2,500             |                   | 0.01%         | 0.01%         | -          | -          |
| (d) | Venture Capital Funds  | -          | -                 | -                 |               |               | -          | -          |
| (e) | Insurance Companies  |            |                   |                   |               |               | -          | -          |
|     | i)L.I.C. of India  | 1          | 9,730             | 9,730             | 0.05%         | 0.05%         | -          | -          |
|     | ii)New India Assurance Co. Ltd.  | 1          | 5                 | -                 | 0.00%         | 0.00%         | -          | -          |
| (f) | Foreign Institutional Investors  | -          | -                 | -                 | -             | -             | -          | -          |
| (g) | Foreign Venture Capital Investors  | -          | -                 | -                 | -             | -             | -          | -          |
| (h) | Any Other (Specify)  | -          | -                 | -                 | -             | -             | -          | -          |
|     | Sub-total (B)(1)   | 10         | 3,289,644         | 3,178,821         | 15.48%        | 15.48%        | -          | -          |
| (2) | Non-Institutions   |            |                   |                   |               |               | -          | -          |
| (a) | Bodies Corporate   | 27         | 16,798,896        | 5695822           | 79.06%        | 79.06%        | -          | -          |
| (b) | Individuals-   |            |                   |                   |               |               | -          | -          |
|     | i.) Individual Shareholders holding nominal share capital up to ₹1 lakh          | 756        | 35,172            | 12390             | 0.17%         | 0.17%         | -          | -          |
|     | ii.) Individual Shareholders holding nominal share capital in excess of ₹1 lakh  | -          | -                 | -                 | -             | -             | -          | -          |
| (c) | Any Other (Specify)  | -          | -                 | -                 | -             | -             | -          | -          |
|     | Sub-total (B)(2)   | 783        | 16,834,068        | 5,708,212         | 79.22%        | 79.22%        | -          | -          |
|     | Total Public Shareholding (B)=(B)(1)+(B)(2)                                      | 793        | 20,123,712        | 8,887,033         | 94.70%        | 94.70%        | -          | -          |
|     | TOTAL (A)+(B)  | 794        | 21,249,054        | 10,012,375        | 100.00%       | 100.00%       | -          | -          |
| (C) | Shares held by costodians and against which Depository Receipts have been issued | -          | -                 | -                 |               |               | -          | -          |
| 1   | Promoter and Promoter Group  | -          | -                 | -                 | -             | -             | -          | -          |
| 2   | Public   | -          | -                 | -                 | -             | -             | -          | -          |
|     | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>794</b> | <b>21,249,054</b> | <b>10,012,375</b> | <b>100.00</b> | <b>100.00</b> | <b>NIL</b> | <b>NIL</b> |

We do not have any locked-in equity shares.

### 3. Intention and Extent of Participation by the Promoters and members of the Promoter Group in the Issue

The Promoters, through their letter, dated September 18, 2012, confirmed that they and the members of the Promoter Group intend to subscribe to the full extent of their respective Rights Entitlements in the Issue in compliance with regulation 10 (4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“the Takeover Regulations”), and in addition, intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least 90% of the Issue size is subscribed. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by them shall be in accordance with regulation 10 (4) of Takeover Regulations. As a result of this subscription and consequent

allotment, the Promoters may acquire equity shares over & above their entitlement in the Issue, which may result in their shareholding in the Company being above the current shareholding.

Our Promoter has undertaken that, subscription by our Promoter and the Promoter Group entities for the Equity Shares in the Issue and the Allotment of the Equity Shares in the Issue will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Equity Listing Agreement with the Stock Exchanges and other applicable laws.

4. The details of the shareholding of the Promoter and our Promoter Group:

| Name of Shareholder       | Pre-Issue               |             | Post-Issue              |            |
|---------------------------|-------------------------|-------------|-------------------------|------------|
|                           | Number of Equity shares | Percentage  | Number of Equity shares | Percentage |
| Maurya Management Pvt Ltd | 11,25,342               | 5.30        | [●]                     | [●]        |
| <b>Total</b>              | <b>11,25,342</b>        | <b>5.30</b> | <b>[●]</b>              | <b>[●]</b> |

5. History of Equity Share Capital held by our Promoter

| Date of Allotment / Transfer | No. of Equity Shares acquired/allotted/ Transferred | Cumulative No. of Equity Shares | Face Value | Issue / Acquisition /Transfer Price per Equity Share | Nature of Consideration | Nature of Transaction                              |
|------------------------------|---|---------------------------------|------------|--|-------------------------|--|
|                              |   |                                 |            |  |                         |  |
| 29-Jul-78                    | 30,000*   | 30,000                          | 10         |  | Cash                    | Transfer from Smt. Shiva Madhvi Devi               |
| 09-Jan-79                    | 15,996  | 45,996                          | 10         | 10   | Cash                    | Allotment  |
| 29-Apr-83                    | (15,000)  | 30,996                          | 10         | 6.50   | Cash                    | Transfer to Indo Burma Agencies Pvt Ltd            |
| 05-Mar-93                    | (1,000)   | 29,996                          | 10         | 10   | Cash                    | Transfer to Mr. D Raman                            |
| 05-Mar-93                    | (200)   | 29,796                          | 10         | 10   | Cash                    | Transfer to Mr. D Ganesh                           |
| 05-Mar-93                    | (2,000)   | 27,796                          | 10         | 10   | Cash                    | Transfer to Mr. S M Dugar                          |
| 05-Mar-93                    | (1,200)   | 26,596                          | 10         | 10   | Cash                    | Transfer to Mr. S N Pansukhlal                     |
| 05-Mar-93                    | (800)   | 25,796                          | 10         | 10   | Cash                    | Transfer to N Raman                                |
| 05-Mar-93                    | (500)   | 25,296                          | 10         | 10   | Cash                    | Transfer to Amar Pathak                            |
| 05-Mar-93                    | (2,000)   | 23,296                          | 10         | 10   | Cash                    | Transfer to K M Agarwal                            |
| 05-Mar-93                    | (2,500)   | 20,796                          | 10         | 10   | Cash                    | Transfer to Anil Mehra                             |
| 05-Mar-93                    | (1,000)   | 19,796                          | 10         | 10   | Cash                    | Transfer to J S Shashikant                         |
| 05-Mar-93                    | (1,000)   | 18,796                          | 10         | 10   | Cash                    | Transfer to Ravinder Sethi                         |
| 05-Mar-93                    | (500)   | 18,296                          | 10         | 10   | Cash                    | Transfer to T Arumugham                            |
| 05-Mar-93                    | (2,500)   | 15,796                          | 10         | 10   | Cash                    | Transfer to Mr. Jagmohan                           |
| 05-Mar-93                    | (1,500)   | 14,296                          | 10         | 10   | Cash                    | Transfer to M M Chitale                            |
| 05-Mar-93                    | (1,500)   | 12,796                          | 10         | 10   | Cash                    | Transfer to Vandita Agarwal                        |
| 05-Mar-93                    | (1,000)   | 11,796                          | 10         | 10   | Cash                    | Transfer to Usha Agarwal                           |
| 05-Mar-93                    | (500)   | 11,296                          | 10         | 10   | Cash                    | Transfer to S M Mehra                              |
| 05-Mar-93                    | (500)   | 10,796                          | 10         | 10   | Cash                    | Transfer to Vinay Sethi                            |
| 05-Mar-93                    | (1,300)   | 9,496                           | 10         | 10   | Cash                    | Transfer to N C Sundarajan                         |
| 05-Mar-93                    | (1,300)   | 8,196                           | 10         | 10   | Cash                    | Transfer to M Begum                                |
| 05-Mar-93                    | (1,200)   | 6,996                           | 10         | 10   | Cash                    | Transfer to Shalini Agarwal                        |
| 05-Mar-93                    | (500)   | 6,496                           | 10         | 10   | Cash                    | Transfer to Sunil Dang                             |
| 05-Mar-93                    | (500)   | 5,996                           | 10         | 10   | Cash                    | Transfer to Anil Dang                              |
| 17-May-93                    | 13,500  | 19,496                          | 10         | 10   | Cash                    | Allotment in Rights Issue                          |
| 07-Jun-95                    | 19,494  | 38,990                          | 10         | 15   | Cash                    | Allotment in Rights Issue                          |
| 18-Jul-96                    | 3,571   | 42,561                          | 10         | 28   | Cash                    | Allotment  |
| 26-Sep-96                    | (14,500)*   | 28,061                          | 10         |  | Cash                    | Transfer to Eureka Transporters & Traders Pvt. Ltd |
| 31-Jul-98                    | (600)   | 27,461                          | 10         | 30   | Cash                    | Transfer to Indo Burma Agencies Pvt Ltd            |
| 27-Feb-99                    | 14,305  | 41,766                          | 10         | 1  | Cash                    | Transfer from Bengal Bihar Investment Co P Ltd     |
| 27-Feb-99                    | 19,471  | 61,237                          | 10         | 1  | Cash                    | Transfer from Aphar Investment P Ltd               |

|           |           |            |    |       |      |  |
|-----------|-----------|------------|----|-------|------|--|
| 30-Mar-99 | 1,070,000 | 1,131,237  | 10 | 12.50 | Cash | Transfer from Jenson & Nicholson (India) Ltd         |
| 30-Mar-99 | 3,950     | 1,135,187  | 10 | 10    | Cash | Transfer from Aditya P Sinha                         |
| 08-Aug-02 | 2,000,000 | 3,135,187  | 10 | NIL   | Cash | Transfer from Holderfin BV                           |
| 08-Aug-02 | 2,000,000 | 5,135,187  | 10 | NIL   | Cash | Transfer from Holderfin BV                           |
| 08-Aug-02 | 2,000,000 | 7,135,187  | 10 | NIL   | Cash | Transfer from Holderfin BV                           |
| 19-Oct-04 | 100,000   | 7,235,187  | 10 | 0.50  | Cash | Transfer from Hind Marketing Corp P Ltd              |
| 19-Oct-04 | 1,000,000 | 8,235,187  | 10 | 0.50  | Cash | Transfer from Koilwar Holdings P Ltd                 |
| 19-Oct-04 | 1,000,000 | 9,235,187  | 10 | 0.50  | Cash | Transfer from Banjari Holdings (P) Ltd               |
| 19-Oct-04 | 1,000,000 | 10,235,187 | 10 | 0.50  | Cash | Transfer from Remaadan Holding (P) Ltd               |
| 19-Oct-04 | 625,000   | 10,860,187 | 10 | 0.50  | Cash | Transfer from Aphar Investment P Ltd                 |
| 19-Oct-04 | 625,000   | 11,485,187 | 10 | 0.50  | Cash | Transfer from Bengal Bihar Investment Co P Ld        |
| 19-Oct-04 | 625,000   | 12,110,187 | 10 | 0.50  | Cash | Transfer from Punpun Investment (P) Ltd              |
| 19-Oct-04 | 1,381,517 | 13,491,704 | 10 | 0.50  | Cash | Transfer from Hind Marketing Corp P Ltd              |
| 19-Oct-04 | 869,506   | 14,361,210 | 10 | 0.50  | Cash | Transfer from Indo Burma Agency Pvt. Ltd             |
| 19-Oct-04 | 165,000   | 14,526,210 | 10 | 0.50  | Cash | Transfer from Aphar Investment P Ltd                 |
| 19-Oct-04 | 165,000   | 14,691,210 | 10 | 0.50  | Cash | Transfer from Bengal Bihar Investment Co P Ld        |
| 19-Oct-04 | 165,000   | 14,856,210 | 10 | 0.50  | Cash | Transfer from Punpun Investment (P) Ltd              |
| 19-Oct-04 | 201,667   | 15,057,877 | 10 | 0.50  | Cash | Transfer from Koilwar Holdings P Ltd                 |
| 19-Oct-04 | 201,667   | 15,259,544 | 10 | 0.50  | Cash | Transfer from Banjari Holdings (P) Ltd               |
| 19-Oct-04 | 201,666   | 15,461,210 | 10 | 0.50  | Cash | Transfer from Remaadan Holding (P) Ltd               |
| 19-Oct-04 | 275,594   | 15,736,804 | 10 | 0.50  | Cash | Transfer from Usha Tin & Steel Convertors (P) Ltd    |
| 19-Oct-04 | 142,000   | 15,878,804 | 10 | 0.50  | Cash | Transfer from Sintra Limited                         |
| 19-Oct-04 | 953,432   | 16,832,236 | 10 | 0.50  | Cash | Transfer from Eureka Transporters & Traders Pvt. Ltd |
| 02-Feb-06 | 121,913   | 16,954,149 | 10 | 0.50  | Cash | Transfer from Satyadeva P Sinha                      |
| 02-Feb-06 | 114,800   | 17,068,949 | 10 | 0.50  | Cash | Transfer from Renuka Sinha                           |
| 02-Feb-06 | 31,634    | 17,100,583 | 10 | 0.50  | Cash | Transfer from Anant P Sinha                          |
| 02-Feb-06 | 30,283    | 17,130,866 | 10 | 0.50  | Cash | Transfer from Aditya P Sinha                         |
| 02-Feb-06 | 30,283    | 17,161,149 | 10 | 0.50  | Cash | Transfer from Mayank P Sinha                         |
| 02-Feb-06 | 97,750    | 17,258,899 | 10 | 0.50  | Cash | Transfer from Shailendra P Sinha                     |
| 02-Feb-06 | 98,050    | 17,356,949 | 10 | 0.50  | Cash | Transfer from Mukta Sinha                            |
| 02-Feb-06 | 25,300    | 17,382,249 | 10 | 0.50  | Cash | Transfer from Siddhartha P Sinha                     |
| 02-Feb-06 | 24,800    | 17,407,049 | 10 | 0.50  | Cash | Transfer from Tanuj P Sinha                          |
| 02-Feb-06 | 24,800    | 17,431,849 | 10 | 0.50  | Cash | Transfer from S S Lall                               |
| 02-Feb-06 | 1,600,000 | 19,031,849 | 10 | 0.50  | Cash | Transfer from Renuka Sinha                           |
| 02-Feb-06 | 300,000   | 19,331,849 | 10 | 0.50  | Cash | Transfer from Anant P Sinha                          |
| 02-Feb-06 | 300,000   | 19,631,849 | 10 | 0.50  | Cash | Transfer from Anant P Sinha                          |
| 02-Feb-06 | 200,000   | 19,831,849 | 10 | 0.50  | Cash | Transfer from Mayank P Sinha                         |
| 02-Feb-06 | 600,000   | 20,431,849 | 10 | 0.50  | Cash | Transfer from Mayank P Sinha                         |
| 02-Feb-06 | 1,000,000 | 21,431,849 | 10 | 0.50  | Cash | Transfer from Mukta Sinha                            |
| 02-Feb-06 | 225,000   | 21,656,849 | 10 | 0.50  | Cash | Transfer from Siddhartha P Sinha                     |
| 02-Feb-06 | 225,000   | 21,881,849 | 10 | 0.50  | Cash | Transfer from Tanuj P Sinha                          |

|           |         |            |    |      |      |                             |
|-----------|---------|------------|----|------|------|-----------------------------|
| 02-Feb-06 | 400,000 | 22,281,849 | 10 | 0.50 | Cash | Transfer from Tanuj P Sinha |
| 02-Feb-06 | 225,000 | 22,506,849 | 10 | 0.50 | Cash | Transfer from Ratika Sinha  |
| 21-Nov-06 |         | 1,125,342# |    |      |      | Reduction of Capital        |

\* Transfer deeds are not traceable

# The High Court of Calcutta by its order dated November 21, 2006, in Company Petition No. 319 of 2006, under Section 391(2) of the Companies Act, approved the Scheme of Compromise between Our Company, its shareholders and secured creditors, for restructuring of its capital and debts and reviving its operations. Pursuant to this scheme, the Equity share capital of the Company has been reduced by 95% leading to reduction in face value of Equity Shares from ₹ 10 each to ₹ 0.50 each and simultaneously, 20 Shares of ₹ 0.50 have been consolidated into 1 Equity Share of ₹ 10 each.

**6. Details of the shares acquired by promoters and promoter group in the last one year immediately prior to the date of filing of the Draft Letter of Offer**

There has been no shares acquired by promoters and promoter group in the last one year immediately prior to the date of filing of this Draft Letter of Offer

7. None of the Equity Shares or Preference Shares of our Company held by our Promoter and our Promoter Group, are currently pledged.

8. The list of our top 10 shareholders and the number of Equity Shares held by them is set forth below:

a. The top 10 equity shareholders of our Company as on the date of this Draft Letter of Offer and 10 days prior to the date of filing this Draft Letter of Offer, are as follows:

| Sl. No. | Name of Shareholder                        | Number of Equity Shares | Percentage    |
|---------|--|-------------------------|---------------|
| 1.      | Vivid Colors Pvt. Ltd.                     | 10,200,000              | 48.00%        |
| 2.      | Elate Investments & Holdings (P) Ltd.      | 5,420,000               | 25.51%        |
| 3.      | Asset Reconstruction Co. India Ltd.(ARCIL) | 3,079,000               | 14.49%        |
| 4.      | Maurya Management (P) Ltd.                 | 1,125,342               | 5.30%         |
| 5.      | Kampilya Builders(P) Ltd.                  | 891,434                 | 4.20%         |
| 6.      | Bhubnesh Commercial (P) Ltd.               | 225,128                 | 1.06%         |
| 7.      | IDBI Bank Ltd.                             | 86,541                  | 0.41%         |
| 8.      | IFCI Ltd.                                  | 86,141                  | 0.41%         |
| 9.      | The I.Textiles Co. Ltd.                    | 30,000                  | 0.14%         |
| 10.     | BSIDC Ltd.                                 | 21,742                  | 0.10%         |
|         | <b>Total</b>                               | <b>21,165,328</b>       | <b>99.61%</b> |

b. The top 10 equity shareholders of our Company as of two years prior to the date of filing this Draft Letter of Offer, are as follows:

| Sl. No. | Name of Shareholder                        | Number of Equity Shares | Percentage    |
|---------|--|-------------------------|---------------|
| 1.      | Vivid Colors Pvt. Ltd.                     | 10,200,000              | 48.00%        |
| 2.      | Elate Investments & Holdings (P) Ltd.      | 5,420,000               | 25.51%        |
| 3.      | Asset Reconstruction Co. India Ltd.(ARCIL) | 3,079,000               | 14.49%        |
| 4.      | Maurya Management (P) Ltd.                 | 1,125,342               | 5.30%         |
| 5.      | Kampilya Builders(P) Ltd.                  | 891,434                 | 4.20%         |
| 6.      | Bhubnesh Commercial (P) Ltd.               | 225,128                 | 1.06%         |
| 7.      | IDBI Bank Ltd.                             | 86,541                  | 0.41%         |
| 8.      | IFCI Ltd.                                  | 86,141                  | 0.41%         |
| 9.      | The I.Textiles Co. Ltd.                    | 30,000                  | 0.14%         |
| 10.     | BSIDC Ltd.                                 | 21,742                  | 0.10%         |
|         | <b>Total</b>                               | <b>21,165,328</b>       | <b>99.61%</b> |

9. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹ 23.96.

10. The present Issue being a rights issue, as per regulation 34(c) of the SEBI Regulations, the requirement of promoters' contribution and lock-in are not applicable.

11. The total number of equity shareholders of our Company as on September 19, 2012 was 794. The total number of preference shareholders of our Company as on September 19, 2012 was 233.

12. The Lead Manager and its associates do not hold any Equity Shares in the Company on their own account.

13. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.
14. The Company has not instituted any employee stock option scheme as on the date of this Draft Letter of Offer.
15. The Promoters and Directors of the Company and Lead Manager of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.
16. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
17. Our Company, our Directors, our Promoter, our Promoter Group shall not make incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, under this Issue.
18. No further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Rights Issue or Public Issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the filing of Draft Letter of Offer with the SEBI and the date on which the Equity Shares issued under this Draft Letter of Offer are listed or application money are refunded on account of the failure of the Issue.
19. Preferential allotment made by our Company after being a listed Company have been made in compliance with relevant provisions of applicable law
20. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

## OBJECTS OF THE ISSUE

We intend to use proceeds from the Issue for repayment of certain Debts.

The main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The details of proceeds of the Issue are summarized in the following table:

| Description                 | Amount (₹ in Lacs) |
|-----------------------------|--------------------|
| Gross proceeds of the Issue | 1,062.45           |
| Less Issue expenses         | 25.00              |
| Net Proceeds                | 1037.45            |

### Means of Finance

The stated objects of the Issue are proposed to be financed out of the proceeds of the Issue. Accordingly, the Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### Utilization of Net Proceeds

The details of utilisation of Net Proceeds will be in accordance with the table set forth below:

| Sl. No. | Particulars               | Amount (₹ in Lacs) |
|---------|---------------------------|--------------------|
| 1.      | Repayment of Loan to IFCI | 1037.45            |
|         | <b>Total</b>              | <b>1037.45</b>     |

The details in relation to Objects of the Issue are set forth herein below.

### Repayment of Loan to IFCI

The Company proposes to utilize an amount aggregating to ₹ 1037.45 Lacs from the Net Proceeds towards repayment of Loan to IFCI Ltd. (“IFCI”). The amounts outstanding and certain terms and conditions of such indebtedness are provided below:

Our Company entered into an MOU with Asset Reconstruction Company (India) Limited (“ARCIL”) dated November 20, 2008, whereby the restructured dues of ARCIL amounting to ₹ 3,950 Lacs was to be cleared by our Company on or before March 31, 2012. However, due to unsatisfactory performance during Fiscal 2011-12, our Company was able to repay only ₹ 1,825 Lacs. For the repayment of the outstanding balance of ₹ 2,565 Lacs (being Principal of ₹ 2,125 Lacs plus interest @ 15%), BIFR had granted time to our Company up to June 30, 2012.

In order to enable our Company to fulfill its obligations under the BIFR Order, our Company along with Vivid Colours Pvt. Ltd (“VCPL”), the strategic investor, approached IFCI for providing finances of ₹ 2565 Lacs to settle the dues of ARCIL and a Memorandum of Understanding (“MOU”) dated June 28, 2012 was entered into between the parties.

Pursuant to the said MOU dated June 28, 2012, the amount of ₹ 2,565 Lacs has since been paid by IFCI to ARCIL to settle the dues of our Company. In consideration for the same,

- (a) The Company and VCPL have deposited an amount of ₹ 1,000 Lacs with IFCI as Margin Money Deposit (MMD).
- (b) VCPL has entered into a Debenture Sale Agreement with IFCI for sale of 1,10,031 Non-Convertible Debentures (NCDs) of ₹ 11,003 Lacs of our Company (secured by way of first *pari passu* charge on mortgage of properties of our Company) with an option to buy back these NCDs.

- (c) VCPL has entered into a Share Pledge Agreement with IFCI for pledging its 55,25,000 nos. of equity shares with IFCI.

*Return on investment:* Our Company/ VCPL have ensured a return @ 24% on the net amount invested by IFCI, that is, on ₹ 1,565 Lacs (total consideration amount less amount of margin money deposited).

*Repayment:* The amount of ₹ 1,565 Lacs (₹ 2,565 Lacs less ₹ 1,000 Lacs) along with interest @24% invested by IFCI is to be repaid within minimum period of six months and maximum period of twelve months from the date of signing of the MOU.

The Loan from IFCI is repayable on or before June 30, 2013 (“**Repayment Date**”). The Company proposes to use ₹ 1037.45 Lacs from the Net Proceeds to repay the said Loan.

In the event, the Issue is not completed prior to the Repayment Date, the Company may avail a short term loan facility or a bridge loan to repay the aforementioned outstanding amount. The Company will then utilize the Net Proceeds to repay such short term loan facility or bridge loan obtained to repay the Loan to IFCI. The Company is not currently aware of the terms on which it will avail this short term loan or bridge loan facility.

#### **Issue related expenses**

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

| <b>Activity</b>  | <b>Expense<br/>(₹ in Lacs)</b> | <b>Expense<br/>(% of total expenses)</b> | <b>Expense<br/>(% of Issue Size)</b> |
|--|--------------------------------|--|--------------------------------------|
| Lead Management Fees, Legal Advisors and Others fees                   | 16.50                          | 66.00                                    | 1.55                                 |
| Advertisement and Marketing Expenses                                   | 2.50                           | 10.00                                    | 0.24                                 |
| Printing & Distribution (including courier and transportation charges) | 2.00                           | 8.00                                     | 0.19                                 |
| Others (Registrar's fees, Listing Charges, SEBI fees, taxes etc)       | 2.50                           | 10.00                                    | 0.24                                 |
| Others   | 1.50                           | 6.00                                     | 0.14                                 |
| <b>Total</b>   | <b>25.00</b>                   | <b>100.00</b>                            | <b>2.35</b>                          |

#### **Interim use of proceeds**

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the Issue Proceeds for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time.

#### **Bridge Financing Facilities**

The Company has not raised any bridge loans from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, in the event, the Issue is not completed prior to the Repayment Date as above, the Company may avail of a short term loan facility or a bridge loan to repay the outstanding amount to IFCI. The Company will then utilize Net Proceeds to repay such short term loan facility or bridge loan, if any.

#### **Monitoring of Utilisation of Funds**

A monitoring agency will not be appointed to monitor the utilisation of proceeds in relation to this Issue since the gross proceeds of the Issue are expected to be less than ₹ 5,000 million. Our Board will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, till all such proceeds of the Issue are fully utilised. We will indicate

investments, if any, of unutilised proceeds of the Issue in the balance sheet of the Company for the relevant fiscal years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the audit committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Letter of Offer and place it before the audit committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the audit committee of the Board of Directors.

No part of the Issue Proceeds will be paid by the Company to the Promoter, the Directors, the Company's key management personnel or companies promoted by the Promoter.

## BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The face value of each Equity Share is ₹10. The Issue Price is at par with the face value of Equity Shares.

Equity Shareholders should review and refer the entire Draft Letter of Offer, including the sections titled “**Risk Factors**”, “**Industry Overview**”, “**Our Business**” and “**Financial Statements**” beginning on pages 11, 61, 66 and 123 respectively of the Draft Letter of Offer to get a more informed view before making an investment decision.

### Qualitative Factors

1. Company’s presence in high growth territory
2. Locational Advantage
3. Access to good quality Raw Material
4. Robust Brand
5. Extensive marketing and distribution network
6. Modern Plant
7. Experienced Management

For details on our qualitative factors, please refer to “Our Strengths” in the section titled “**Our Business**” on page 66 of the Draft Letter of Offer.

### Quantitative Factors

Information presented in this section is derived from our Restated Financial Statements prepared in accordance with Indian GAAP.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1. EARNING PER SHARE (EPS)

As per our restated standalone financial statements:

| Year Ended              | Basic & Diluted EPS<br>(in Rs) | Weight |
|-------------------------|--------------------------------|--------|
| March 31, 2012          | (23.96)                        | 3      |
| March 31, 2011          | (8.71)                         | 2      |
| March 31, 2010          | 5.85                           | 1      |
| <b>Weighted Average</b> | <b>(13.91)</b>                 |        |

#### Notes:

- (i) The figures disclosed above are based on the Restated Financial Statements of the Company.
- (ii) Earnings per share calculations are done in accordance with Accounting Standard 20 ‘Earning per Share’ issued by the Institute of Chartered Accountants of India.
- (iii) Weighted Average number of equity shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific Shares are outstanding as a proportion of total number of days during the year.

#### 2. Price/Earnings Ratio (“P/E Ratio”)

- a. P/E based on the financial year ended March 31, 2012, cannot be computed as EPS for ended March 31, 2012 is negative

b. Industry P/E Ratio:

- i) Highest: 20.8
- ii) Lowest: 4.7
- iii) Industry Composite: 17.8

Source: Capital Market, Volume XXVII/15 dated September 17 – September 30, 2012; Sector–Cement – North Ind

### 3. Return on Net Worth (“RoNW”)

Return on net worth as per restated financial statements

| Year Ended              | RoNW (%) | Weight |
|-------------------------|----------|--------|
| March 31, 2012          | NA       | 3      |
| March 31, 2011          | NA       | 2      |
| March 31, 2010          | NA       | 1      |
| <b>Weighted Average</b> | -        |        |

Notes: RoNW for the 12 months ended March 31, 2012, 2011 & 2010 cannot be computed as our net worth as per the restated financial statements is negative.

### 4. Minimum return on total net worth after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2012:

a. Based on Basic EPS.

Based on restated financial statements: Cannot be computed as EPS is negative

b. Based on Diluted EPS.

Based on restated financial statements: Cannot be computed as EPS is negative

### 5. Net Asset Value (“NAV”) per Equity Share

- a. As of March 31, 2012 : ₹ (95.87)
- b. Issue Price per Equity Share: ₹ 10
- c. After the Issue: ₹ (60.58)

Note:

NAV per equity share has been computed by dividing restated net worth by the number of equity shares outstanding at the end of the year.

### 6. Comparison with Industry Peers

We have drawn comparison with the listed companies mentioned hereunder based on the sector our company operates:

| Name of the Company                       | Consolidated/<br>Standalone | Face<br>Value<br>(₹) | Basic EPS<br>(₹) | P/E<br>Ratio <sup>(iii)</sup> | RoNW<br>(%) | NAV Per<br>Share (₹) |
|---|-----------------------------|----------------------|------------------|-------------------------------|-------------|----------------------|
| <b>Peer Group <sup>(i)</sup></b>          |                             |                      |                  |                               |             |                      |
| OCL India Limited                         | Standalone                  | 2                    | 5.59             | 17.94                         | 3.52        | 158.70               |
| Birla Corporation Limited                 | Standalone                  | 10                   | 31.09            | 9.09                          | 10.70       | 290.34               |
| Prism Cement Limited                      | Standalone                  | 10                   | (0.61)           | NA                            | (2.61)      | 22.82                |
| Ultratech Cement Limited                  | Standalone                  | 10                   | 89.26            | 16.88                         | 19.02       | 469.22               |
| <b>Our Company</b>                        |                             |                      |                  |                               |             |                      |
| Kalyanpur Cements Limited <sup>(ii)</sup> | Standalone                  | 10                   | (23.96)          | NA                            | NA          | (95.87)              |

**Notes:**

- i) The EPS, NAV and RoNW for the peer group are based on the audited standalone accounts as reported in the Annual Report for the year ended March 31, 2012.
- ii) The EPS, NAV and RoNW of our Company are based on the restated financial statements of the Company for the year ended March 31, 2012.
- iii) The P/E Ratio has been calculated by dividing the market capitalisation of the peer group company (based on the closing price of its equity shares on the BSE as on March 30, 2012).

On the basis of the above qualitative and quantitative parameters, our Company, in consultation with the Lead Manager, is of the opinion that the Issue Price of ₹ 10 per Equity Share is justified. For further details, please see the chapter entitled “**Risk Factors**” at page 11 and our financials including important profitability and return ratios, as set out in the chapter entitled “**Financial Statements**” at page 123.

**AUDITORS' REPORT ON STATEMENT OF TAX BENEFITS**

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

**Sub: Proposed Rights Issue of Kalyanpur Cements Limited (the “Issue”)**

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to Kalyanpur Cements Limited (‘Kalyanpur’ or ‘Company’) and to its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. The benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be ‘dependent upon such conditions being fulfilled. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

We do not express any opinion or provide any assurance as to whether:

- i) the Company is currently availing any of these benefits or will avail these benefits in future; or
- ii) the Company’s share holders will avail these benefits in future; or
- iii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company.

This report is intended solely for your information and for inclusion in the issue documents in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M Mukerjee & Co.**  
Chartered Accountants  
(FRN 303013E)

**Spandan Sengupta**  
Partner  
Membership No: 135833

Date: September 21, 2012  
Place : Kolkata

ANNEXURE TO STATEMENT OF TAX BENEFITS

**I. SPECIAL TAX BENEFITS**

**1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

There are no special benefits accruing to the company.

**2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**

There are no special tax benefits available to the shareholders of the Company.

**II. GENERAL TAX BENEFITS**

**1. KEY BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ("THE I.T. ACT")**

**A) BUSINESS INCOME:**

**a. Depreciation:**

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the I.T. Act.

In case of any new plant and machinery (other than specified exclusions) that will be acquired by the Company and **is put to use for 180 days or more**, the Company is entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the I.T. Act.

Unabsorbed depreciation, if any, for an Assessment Year ("AY") can be carried forward and set off against any source of income in the subsequent AYs.

**b. Preliminary Expenses:**

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenses incurred by the Company in connection with extension of its undertaking or in connection with setting up a new unit of an amount equal to 1/5th of such expenditure for each of the five successive previous years beginning with the previous year in which the business commences or, as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation subject to conditions and limits specified in that section.

**c. Expenditure incurred on voluntary retirement scheme:**

As per section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such expenses every year for a period of five years subject to conditions specified in that section.

**d. Expenditure on Scientific Research:**

- a) As per Section 35 (1) (iv), the Company is eligible for deduction in respect of any expenditure (not being expenditure on acquisition of land) on scientific research related to the business subject to conditions specified in that section.
- b) As per Section 35(2AB), weighted deduction @200% is available on Research & Development expenditure incurred by the Company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing not being an article or thing specified in the list of eleventh schedule of the I.T. Act, (except on land and building) on in house research and development facility as approved by the prescribed authority, upto March 31, 2012.

**e. Deductions under Chapter VI-A of the I.T. Act:**

- i) As per Section 80-IB, the Company will be eligible for deduction of an amount equal to specified per cent of the profits and gains derived by specified industrial undertakings for ten consecutive assessment years subject to the fulfillment of the conditions specified in that section.
- ii) As per Section 80G, the Company will be eligible for deduction of an amount as specified in the Section in respect of donations to certain funds, charitable institutions, etc.
- iii) As per Section 80GGB, the Company will be eligible for deduction of any sum contributed by it to any political party or an electoral trust.

**f. Carry forward of business loss:**

In case of loss under the head “Profit and Gains from Business or Profession”, it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.

**g. Set off of accumulated Loss on amalgamation / merger:**

As per the provisions of Section 72A, the Company is entitled to carry forward and set off of accumulated loss and unabsorbed depreciation allowance under amalgamation or demerger subject to fulfillment of certain conditions.

**h. Credit:**

MAT is payable by a company when the income-tax payable on the total income as computed under the I.T. Act is less than 18.5% (plus applicable Surcharge + Education and Secondary & Higher Education cess) of its book profit computed as per the specified method

As per Section 115JAA(1A), the Company is eligible to claim for Minimum Alternate Tax (“MAT”) paid for any AY commencing on or after April 1, 2006 against normal income-tax payable in subsequent AYs. MAT credit shall be allowed for any AY to the extent of difference of the tax paid for any AY under 115JB and the amount of tax payable as per the normal provisions of the I.T. Act for that AY. Such MAT credit will be available for set-off upto ten years succeeding the AY in which the MAT credit is allowed.

**B) CAPITAL GAINS:**

**a. (i) Long Term Capital Gain (LTCG)**

LTCG means capital gain arising from the transfer of a capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under Clause (23D) of Section 10 or a Zero coupon bond, held by an assessee for more than 12 months. In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

**(ii) Short term Capital Gain (STCG)**

STCG means capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under Clause (23D) of Section 10 or Zero coupon bonds, held by an assessee for 12 months or less.

- b. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the I.T. Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

With effect from AY 2007-2008, income by way of long term capital gain exempt under Section 10(38) of a company shall not be excluded for computing the Book profit and income-tax payable under section 115JB.

- c. As per second proviso to Section 48, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
  - i) As per Section 112, the LTCG that are not exempt under Section 10(38) of the I.T. Act, will be subject to tax at a rate of 20% with indexation benefit plus applicable surcharge thereon and 3% Education and Secondary & Higher Education Cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge + Education and Secondary & Higher Education Cess)
  - ii) However, as per proviso to Section 112(1), if such tax payable on transfer of listed securities/units/Zero Coupon Bonds exceed 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored for computing the tax payable
- d. As per Section 111A of the I.T. Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10 (23D), on a recognized stock exchange are subject to tax at the rate of 15 per cent, provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income.
- e. In addition to the aforesaid tax rates discussed in c and d above, in the case of domestic companies where the income exceeds ₹ 10,000,000 a surcharge of 5% on such tax liability is also payable. Further, 2% education cess and 1% secondary and higher education cess on the total income tax is payable by all categories of taxpayers.
- f. As per section 71 read with section 74 of the I.T. Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- g. As per Section 71 read with Section 74, long term capital loss arising during a year is allowed to be setoff only against long term capital gains. Balance loss, if any, is allowed to be carried forward and set-off against subsequent year's long term capital gains for subsequent eight assessment years.
- h. Under Section 54EC of the I.T. Act, capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein –
  - i) National Highway Authority of India constituted under Section 3 of National Highway Authority of India Act, 1988 (68 of 1988)
  - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956. (1 of 1956)

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion.

The investments in the Long Term Specified Asset made by the Company on or after April 1, 2007 during the financial year should not exceed ₹ 50 lacs.

**C) INCOME FROM OTHER SOURCES:**

**a. Dividend Income:**

Dividend (both interim and final) income, if any, received by the Company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the I.T. Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the I.T. Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under Section 10(35) of the I.T. Act.

**2. KEY BENEFITS AVAILABLE TO THE MEMBERS/SHAREHOLDERS OF THE COMPANY**

**A) KEY BENEFITS AVAILABLE TO THE RESIDENT MEMBERS/SHAREHOLDERS**

**a. Dividend Income:**

Dividend (both interim and final) income, if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the I.T. Act.

**b. Capital gains:**

- i) Benefits outlined in Paragraph 1(B) above to the extent also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders being an individual/ HUF.
- ii) As per Section 54F of the I.T. Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

**c. Deduction of STT:**

With effect from Assessment Year 2009-2010, under section 36(1)(xv) of the I.T. Act, the STT paid in respect of taxable securities transactions entered into in the course of business is allowable as deduction if income is computed under the head “ Profits and Gains of Business or Profession”

**B) KEY BENEFITS AVAILABLE TO THE NON-RESIDENT MEMBERS/SHAREHOLDERS**

**a. Dividend Income:**

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10 (34) read with Section 115O of the I.T. Act.

**b. Capital gains:**

Benefits outlined in Paragraph 2(A)(b) above to the extent also available to a non-resident shareholder except that as per first proviso to Section 48 of the I.T. Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

**c. Deduction of STT:**

Benefits outlined in Paragraph 2(A)(c) above are also applicable to the non-resident shareholders.

**d. Tax Treaty Benefits:**

As per Section 90 of the I.T. Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

**e. Special provision in respect of income/LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A**

- i) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, were born in undivided India.
- ii) Specified foreign exchange assets include shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange.
- iii) As per Section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable surcharge plus education and secondary and higher education cess). No deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.
- iv) As per Section 115E, LTCG arising from transfer or specified foreign exchange assets shall be taxable @ 10% (plus applicable surcharge plus education and secondary and higher education cess).
- v) As per Section 115F, LTCG on transfer of a foreign exchange asset shall be exempt under Section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.
- vi) As per Section 115G, if the income of an NRI taxable in India consists only of income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the I.T. Act, it is not necessary for the NRI to file return of income under Section 139 (1).
- vii) As per Section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under Section 139 of the I.T. Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are converted into money.
- viii) As per Section 115I, the NRI can opt not be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available

**C) KEY BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (FIIS):**

**a. Dividend Income:**

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115O of the I.T. Act.

**b. Capital Gains:**

- i) Under Section 115AD, income (other than income by way of dividends referred in Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable

at the rate of 20%. No deduction in respect of any expenditure/allowance shall be allowed from such income.

- ii) Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:
  - As per Section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15%. STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30%.
  - LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10%. The benefit of indexation of cost of acquisition and foreign currency fluctuation protection, as mentioned under 1st and 2nd proviso to Section 48 would not be allowed while computing the capital gains.
- iii) For corporate FIIs, the above tax rates will be increased by a surcharge of 2.5% on such tax liability in case income exceeds Rs 10,000,000.
- iv) A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge wherever applicable) is payable by all categories of taxpayers.

**c. Exemption of capital gains from income-tax:**

- i) LTCG arising on transfer of a long term capital asset, being an equity share in a company or unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the I.T. Act.
- ii) Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 1(B) (h) above.

**d. Deduction of STT:**

Benefits as outlined in Paragraph 2(A)(c) above are also available to FIIs.

**e. Tax Treaty Benefits:**

As per Section 90 of the I.T. Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

**D) KEY BENEFITS AVAILABLE TO MUTUAL FUNDS**

As per the provisions of Section 10 (23D) of the I.T. Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there-under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

**E) KEY BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS**

In terms of section 10(23FB) of the I.T. Act, income of:-

- i) Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- ii) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax

Exemption available under the Act is subject to investment in domestic company whose shares are not listed and which is engaged in certain 'specified' business/ industry.

### **3. WEALTH TAX ACT, 1957**

Shares in an Indian company are excluded from the definition of 'asset' as defined in section 2(ea) of the Wealth Tax Act, 1957. Accordingly, shares of the Company are not liable to wealth tax in the hands of the shareholders.

### **4. GIFT TAX**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, gift of shares will not attract gift tax in the hands of the shareholders. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-Tax Act, 1961.

#### **Notes:**

- a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

## SECTION IV - ABOUT THE COMPANY

### INDUSTRY OVERVIEW

The information in this section is derived from various government publications and their websites and other industry sources. Neither we nor any other person connected with the Issue have verified this information. The data source has been mentioned wherever relevant however the language of the same is modified so as to make it relevant in the context Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

### CEMENT INDUSTRY

#### Introduction

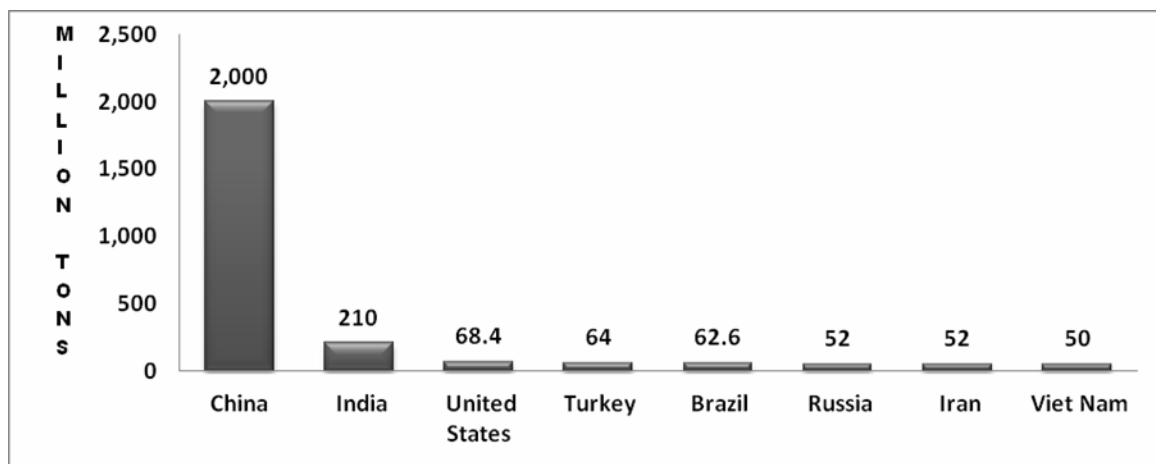
Cement is the most essential raw material in any kind of construction activity. Accordingly, cement industry plays a crucial role in the infrastructural development of the country. Since cement is used in almost all construction activities, the cement industry is an important part of nation's economic and industrial base. Figures characterizing the cement industry, such as production capacity and consumption statistics, change as a result of fluctuations in domestic construction activities, economic conditions, and the level of cement imports have been provided in this "Industry Overview".

#### World Production

During 2011, global cement production was 3400 million tones, with China accounting for nearly 58.82% of the total output followed by India accounting for 6% of the share and the US for 2.01% in world cement production. India is not only a large producer but also one of the fastest growing markets in the world. Cement production in the country during 1994-2003 grew at a CAGR of 8.2 percent as compared to 7.2 percent in China and the world average of 3.5 percent.

(Source: <http://minerals.usgs.gov/minerals/pubs/commodity/cement/mcs-2012-cemen.pdf>, www.usgs.gov)

**World Cement Production (2011)**



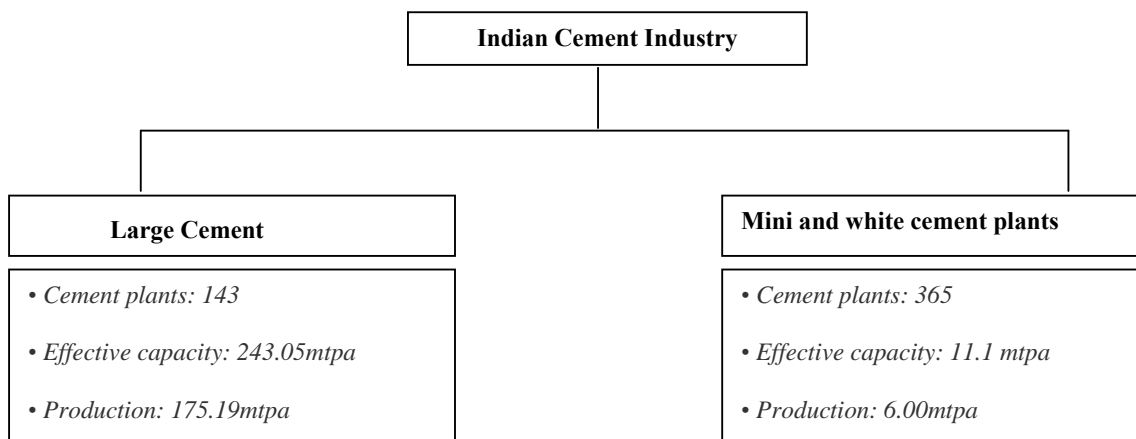
#### Indian Cement Industry

India is the second largest producer of quality cement in the world. Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. The industry occupies an important place in the Indian economy because of its strong linkages to other sectors such as construction, transportation, coal and power. The cement industry is also one of the major contributors to the exchequer by way of indirect taxes.

Indian Cement Industry is engaged in the production of several varieties of cement such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well

Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, etc. They are produced strictly as per the Bureau of Indian Standards (BIS) specifications and their quality is comparable with the best in the world.

The cement industry in India comprises 143 large cement plants and over 365 mini cement plants (As on December 31, 2011). The initiatives provided by the Government of India to various infrastructure projects, road network and housing activities will provide required stimulus towards growth of cement industry in India.



**Source:** *Cement Manufacturers' Association (CMA)*

Currently, the top players-UltraTech, ACC, Ambuja Cements, Jaiprakash Associates, India Cements-and Shree Cement, collectively control more than half of the cement market in the country. There are 40 players in the industry across the country.

The cement industry in India is experiencing a boom on account of overall growth in the economy. The demand for cement, being a derived one, depends mainly on the industrial activities, real estate business, construction activities and investment in the infrastructure sector. India is experiencing growth in all these areas and hence the cement market is moving ahead in spite of the world-wide economic recession.

#### Growth of Cement Industry (Large Plants)

| Year | Capacity at the end of the year<br>(mtpa) | Cement production<br>(mtpa) | Production Growth (%) |
|------|---|-----------------------------|-----------------------|
| 1985 | 41.85                                     | 31.11                       | 6.8                   |
| 1986 | 49.10                                     | 33.65                       | 8.2                   |
| 1987 | 54.58                                     | 36.97                       | 9.9                   |
| 1988 | 55.11                                     | 40.72                       | 10.1                  |
| 1989 | 56.55                                     | 42.07                       | 3.3                   |
| 1990 | 58.31                                     | 44.87                       | 6.7                   |
| 1991 | 61.03                                     | 49.48                       | 10.3                  |
| 1992 | 62.88                                     | 50.87                       | 2.8                   |
| 1993 | 67.32                                     | 52.78                       | 3.8                   |

|       |        |        |       |
|-------|--------|--------|-------|
| 1994  | 73.61  | 57.57  | 9.1   |
| 1995  | 82.48  | 62.08  | 7.8   |
| 1996  | 90.59  | 68.86  | 10.9  |
| 1997  | 100.34 | 74.75  | 8.6   |
| 1998  | 106.42 | 79.42  | 6.2   |
| 1999  | 110.00 | 91.72  | 15.5  |
| 2000  | 117.88 | 95.95  | 4.6   |
| 2001  | 133.46 | 98.35  | 2.5   |
| 2002  | 137.91 | 109.59 | 11.4  |
| 2003  | 144.49 | 115.42 | 5.3   |
| 2004  | 153.16 | 125.07 | 8.4   |
| 2005  | 160.00 | 136.67 | 9.3   |
| 2006  | 165.42 | 152.99 | 11.9  |
| 2007  | 179.18 | 164.45 | 7.5   |
| 2008  | 207.39 | 177.30 | 7.8   |
| 2009* | 201.05 | 156.00 | 12.3# |
| 2010  | 223.56 | 166.89 | 7.0   |
| 2011  | 243.05 | 175.19 | 5.0   |

\* Data from two Companies that discontinued membership with CMA during 2009 not included in the subsequent years i.e. from 2009 and onwards.

# Compared to corresponding data in the previous year

**Source: Cement Manufacturers' Association (CMA)**

### Market Size

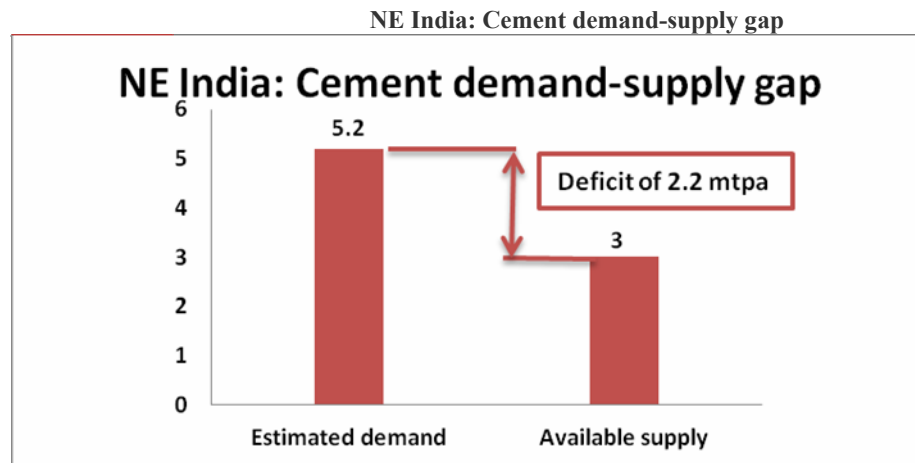
India's cement industry has performed better in 2011-12 (FY12), on back of robust demand revival in the second half of the financial year. The 330 MT industry grew by 6.4 per cent in 2011-12 as against less than 5 per cent in 2010-11. The industry sold 223.02 MT of the building material, compared with 209.5 MT in FY11. The cement production, too, rose to 223.6 MT against 210.5 MT in FY11.

The cement production increased from 137.16 million tonnes (MT) in April 2010 - January 2011 to 145.00 in April 2011 - January 2012. While cement despatches increased from 136.18 MT in April 2010 - January 2011 to 143.96 MT in April 2011 - January 2012, according to data provided by the Cement Manufacturers' Association (CMA).

In addition, the eight key infrastructure industries posted a seven-month high growth of 6.8 per cent in February 2012, largely driven by robust performance in cement, electricity and coal. Cement output continued to post double-digit growth for the fourth consecutive month at 10.8 per cent. This was much higher than the 6.5 per cent growth seen in the same month last year. The cumulative cement output growth during April-February 2012 stood at 6.4 per cent (as against 4.3 per cent).

### North East India

The North East (NE) region has consistently been a cement deficit region over several years. At present, cement demand in the NE is about 5.2 mtpa. Cement manufactured locally is inadequate to meet the local demand for cement. The deficit is met through cement purchased from other parts of India. High transportation costs cause the landed costs of cement to increase considerably.



### Investments

The Cement and Gypsum products sector attracted foreign direct investments (FDI) worth US\$ 2,614.05 million between April 2000 to March 2012, according to the data published by Department of Industrial Policy and Promotion (DIPP).

- Shriram Group, a Rs 50,000 crore (US\$ 8.96 billion) diversified Chennai-headquartered conglomerate, is firming up a strategic plan to consolidate its presence in the cement sector. Shriram EPC, a publicly held company of Shriram Group, has recently entered the cement sector by acquiring majority stake in Andhra Pradesh-based cement manufacturer, SreeJayajothi Cements Ltd
- Karnataka's State High Level Clearance Committee (SHLCC) has cleared a total of 31 projects worth over Rs 146,656 crore (US\$ 26.28 billion). Among the projects cleared, Kalyani Steel received approval for its Rs 12,000 crore (US\$ 2.15 billion) carbon alloy steel project and JK Cement's Ltd for its Rs 2,327 crore (US\$ 417.03 million) new cement plant
- ACC, owned by Switzerland-based Holcim Group, will invest Rs 3,300 crore (US\$ 591.40 million) over three years to increase its capacity by 16 per cent, to 35 million tonnes per annum (MTPA) from 30 MTPA. ACC will set up cement production facility of four MTPA and a 2.79 MTPA clinker production facility at Jamul in Chattisgarh. Two grinding facilities will also come up at Sindri in Jharkhand and Kharagpur in West Bengal
- The India Cements Ltd, one of the country's leading companies in the sector, plans to invest around Rs 750 crore (US\$ 134.41 million) in one of its factories in Tamil Nadu (TN). The proposed investment is to expand the annual capacity of this plant to 2 MT
- Swiss cement major, Holcim's India arm has beaten domestic giant UltraTech, during 2011-12. Holcim's reported a growth of 8.3 per cent in 2011-12, while UltraTech Cement showed a growth of 3.5 per cent in its sales
- Aditya Birla Group's UltraTech Cement, India's largest cement maker, is in talks to acquire a large limestone mine in Mozambique for about Rs 1,500 crore (US\$ 268.82 million)

### Government Initiatives

According to the latest report from the working group on the industry for the 12th Five Year Plan (2012-17), India would require overall cement capacity of around 480 MT. This would mean the industry will have to add another 150 MT of capacity during the period.

The Union Budget for 2012-13 was announced by MrPranab Mukherjee, the then Union Finance Minister. Highlights of Union Budget 2012-13:

Excise duty rationalised for packaged cement, whether manufactured by mini cement plants or others.

Packaged cement, whether manufactured by mini-cement plants or others, attracts differential excise duty depending on the Retail Sale Price per bag. It is proposed to prescribe a twin rate of 12 per cent + Rs 120 (US\$ 2.15) PMT for non-mini cement plants and 6 per cent + Rs 120 (US\$ 2.15) PMT for mini-cement plants. It is proposed to charge this duty on the Retail Sale Price less abatement of 30 per cent.

- India's construction sector is expected to grow at about 35 per cent between 2008-09 and 2012-13. The private sector is expected to contribute 44 per cent of the total projected spend of US\$ 100 billion on roads and highways over the Twelfth Five Year Plan (2012-17) period
- The Union Budget 2012- 13 is a pragmatic and growth-oriented one. "Infrastructure sector has been given due thrust in the budget. Doubling the infrastructure tax-free bond amount to Rs 60,000 crore (US\$ 10.75 billion), 8,800 km highway coverage target, " according to C S Verma, Chairman, SAIL

### **Road Ahead**

The demand for cement, depends primarily on the pace of activities in the business, financial, real estate and infrastructure sectors of the economy. Cement is a building material which is used worldwide for all construction works such as housing and industrial construction, as well as for creation of infrastructures like ports, roads, power plants, etc. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as cost control and continuous technology upgradation.

It is anticipated that the cement industry players will continue to increase their annual cement output in coming years and the country's cement production will grow at a compounded annual growth rate (CAGR) of around 8 per cent during 2011-12 - 2013-14 to reach 303 MMT.

Going forward, industry officials are optimistic and project growth at eight to nine per cent. The Holcim Group of companies-ACC and Ambuja Cements-have chalked out expansion plans worth ₹5,000 crore (US\$ 896.06 million), while Aditya Birla Group's UltraTech Cement has plans to add 25 MT of capacity in the next few years

## OUR BUSINESS

Our Company is engaged in the manufacturing of Portland Pozzolana Cement at Banjari in Rohtas District of the state of a Bihar. The Company is in the business of manufacturing Cement for over 65 years. The plant is situated on 115 acres of freehold land and has annual capacity of one million ton. We are accredited with the ISO 9001:2008 from P.C. Management System Private Limited (JAS-ANZ) for production and supply of cement. Our Company set up the 1<sup>st</sup> Cement plant in the year 1946 with a capacity of 46,000 metric tons and the production capacity was increased from time to time as under:

| Year | Description                                  | Total Capacity (MTPA) |
|------|--|-----------------------|
| 1946 | 1 <sup>st</sup> Cement Plant                 | 46,000                |
| 1958 | Installation of 2 <sup>nd</sup> Cement Plant | 1,46,000              |
| 1968 | Installation of 3 <sup>rd</sup> Cement Plant | 3,46,000              |
| 1980 | Capacity Expansion                           | 4,80,000              |
| 1991 | Dry Process Plant #                          | 10,00,000             |

# The first four manufacturing capacities created up to 1980 were replaced by a dry process manufacturing plant of one million tons in 1991. The commercial production from the dry process plant started on March 18, 1994. The new plant was set up through an IBRD line of credit and in collaboration with the one of the world's largest cement manufacturers namely Holderbank (now Holcim).

Our Company was incorporated as a public limited company in the state of West Bengal in the name and style of Kalyanpur Lime & Cement Works Limited under the Companies Act, 1913 on August 11, 1937 and the Company obtained a certificate of commencement of business on November 9, 1937.

The initial teething problems, after commencement of commercial production of the new plant in March, 1994 delayed substantially the stabilization of the plant, till 1996 and subsequently, various other factors like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining lease and huge spending on expensive mines affected adversely the company's operational and financial performance, as a result of which, the Company incurred losses and its net worth was fully eroded as at December 31, 2000 whereupon it had to be referred to BIFR on March 21, 2001. The company was declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985. IFICI Ltd. was appointed as Operating Agency by the Board for Industrial & Financial Reconstruction (BIFR). Subsequently five of the seven Financial Institutions (FIs) and Banks (representing over 94% of the total secured debts of the company) assigned their debts to an Asset Reconstruction Company namely Asset Reconstruction Company (India) Ltd. (ARCIL), pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and enforcement of Securities Interest Act, 2002. Thereafter, the company, its shareholders and secured creditors formulated a Scheme of compromise under section 391 of the Companies Act, 1956 involving reliefs and concessions from shareholders and secured creditors. The scheme of compromise was duly approved by shareholders and secured creditors and was sanctioned by the Hon'ble Calcutta High Court on November 21, 2006. Further, the BIFR by its order dated February 3, 2012 (Case No. 155/2001- Kalyanpur Cements Limited) sanctioned a Revival scheme for rehabilitation of our Company as it had been declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 ("Scheme of Rehabilitation") on May 28, 2002.

The cost of rehabilitation as per the Scheme of Revival was ₹ 460.49 crores. This cost was financed/to be financed by Priority Debts (from M/s Vivid Colours Private Limited) of ₹ 6.50 crores, issue of fresh capital to M/s Vivid Colours Private Limited for an amount of ₹ 8.50 crores, Unsecured Loan from promoters for an amount of ₹ 2 crores, Subsidy for Captive Power Plant of ₹ 35 crores, exemption from Electricity Duty of ₹ 11.25 crores, 80% VAT Re-imburement of ₹ 165.04 crores, Loan from promoters/ strategic investor for an amount of ₹ 40 crores and internal accruals of ₹ 192.21 crores along with certain reliefs and concessions granted in accordance with the Scheme of Rehabilitation. The Scheme of Rehabilitation is under implementation and the same shall be implemented fully by the end of financial year 2016-17.

## **Our Strengths**

We believe that the following are our competitive strengths:

### **Company's presence in high growth Territory**

The cement industry in India is one amongst the fastest growing sectors due to the rapid development of infrastructure and real estate projects in the country. The recent economic growth in Bihar has created an ample opportunity for development of real and infrastructure projects in the State. In Bihar, which is a cement deficit state, cement marketing is not expected to pose any problems. Our company is the only integrated cement manufacturing unit in the State. Given the freight component in cement manufacturing, our Company enjoys a significant competitive advantage in Bihar.

### **Locational Advantage**

Our plant is situated in Banjari village of Rohtas District in Bihar. Our plant is situated at a distance of around 40 K.M from Dehri-on-Sone which is on grand chord railway line. Our plant has got adequate factory and non-factory building including township to meet its present requirement. Our Company does not have any constraint on account of water and any other utility required for operating the present plant. Water is drawn from the perennial Sone river. Further, the 70% our core market lies within a radius of 200 KM and remaining markets in Bihar lies within a radius of 350 K.M.

### **Access to good quality Raw Material**

All major raw materials like limestone, coal, mill scale/ iron ore, gypsum and other additives particulars fly ash are easily available. Limestone is the basic raw material for cement manufacturing. Our company has mining leases agreement with Government of Bihar for 7 locations for lime stone. The company uses coal for manufacturing of clinker and has two proven sources for supply of coal. Firstly, our Company has long term coal linkage of 1.78 lac tons per annum with Central Coalfields limited a subsidiary of Coal India Limited. Further, our company also uses Meghalaya Coal. Mineral gypsum is available from Rajasthan deposit through Rajasthan State Mines & Minerals Limited as well as from Bhutan. and Chemical Gypsum being a bye-product of fertilizer plant is available from the fertilizer plants. Mill scale / Iron ore is an ingredient for clinker manufacture to provide requisite iron content in clinker. While Mill scale is the scrap of rolling mills, iron ore is a mineral and these two items could alternatively be used for clinker manufacture. Although mill scale is not available in desired quantity due to export potential of the material, iron ore is available in desired quantity. Another important material is fly ash which is blended with ground clinker and the same is available from power plants situated in the vicinity of about 200-250 K.M.

### **Robust Brand**

Our Company sells cement produced by it in two popular brands known as (i) KC Super and (ii) KC Special. Our Brands are well accepted in Bihar as well as other marketing areas of our Company.

### **Extensive marketing and distribution network**

Our Company has a large network of dealers spread over the State of Bihar and other marketing areas. Our Company appoints "Sales Promoters" who serve as the link between company and the dealers. The Company has warehouses in Bihar, Jharkhand, Uttar Pradesh and West Bengal.

### **Modern Plant**

Our Plant is equipped with all modern facility to achieve present capacity of one million tons. Our plant has following modern equipments:

- Pyroclones and Precalculator for Pyro-processing through 5-stage suspension pre-heater
- Extremely power efficient High Pressure Grinding Rolls for separate grinding of raw meal, clinker and slag (although slag presently is not being used as an additive in cement manufacture)
- Process control through programmable logic controllers
- Continuous quality control through X-ray analyzer
- Stacker reclaimers for homogenous feed quality

- Equipment for use of waste heat for drying of materials
- Efficient rotary kiln for manufacturing clinker

### **Experienced Management**

Our Company is managed by a team of experienced and professional personnel having knowledge of all aspects of operations, engineering, material management, marketing and finance. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business. Our Chairman, Mr. Satyadeva Prakash Sinha and Managing Director, Mr. Shailendra P. Sinha has over 50 and 40 years of experience respectively in the cement industry. We believe our management and executive team have the long-term vision to provide stability and continuity to our businesses. We also believe that the understanding and expertise of our management and executive team of the cement business will enable us to grow in a focused and constructive manner.

### **Our Business Strategy**

#### **Capacity Optimization**

In order to optimize our capacity, we have undertaken debottlenecking in some sections of the plant by installing equipments for removing imbalances in those areas and aligning the same with overall facilities. With all the major equipments capable of achieving production upto 1.15 MTPA, certain additional balancing and modification are required particularly in terms of installation of (a) Fly ash silo for storing fly ash presently being used as additive, and (b) Up-gradation of existing pneumatic conveying system

#### **Improvement in Operations**

In the past, we were not able to utilize our production capacity fully because of initial teething problems and till the plant's stabilization in 1996 and further due to various economic & commercial reasons like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining leases and a huge spending on expensive mines which affected the operations adversely. However, as a result of various operational restructuring measures taken by the company, we have been able to increase the capacity utilization of our plant and in the near future, we have plans to increase the capacity utilization of our Plant to 90%.

#### **Strengthen our position in the region we operate**

The cement industry in India is region-focused due to the high transportation costs. Our Company's strategy is to focus on maximizing net sales realization by focusing on sales of our product in the region we operate. The Company's strategy is to focus on saturating the markets which are close to our plant where we enjoy a significant freight advantage. Moreover, the growth in Bihar and Eastern India has presented a growth opportunity for our Company.

#### **Reduction in power cost by installation of captive power plant**

The million ton cement plant, with a view to becoming competitive from energy cost viewpoint needs to have a captive power plant which will help reduce cost of energy substantially besides improving quality of power in terms of uninterrupted supply. In this regard, our company has already initiated steps towards setting up a captive power plant. The captive power plant will help us remain competitive in long run.

#### **Promote our Brand**

To promote our Company's products and our brand with distributors who are the interface between the customers and our Company, our Company organizes meetings with distributors/dealers/customers. Our Company also undertakes advertising and promotional campaigns in select areas to increase the brand awareness, enhance the understanding and reach of our Company's products. Direct promotional efforts to reach out to contractors and builders are also undertaken.

**Ensuring continuous raw material supply**

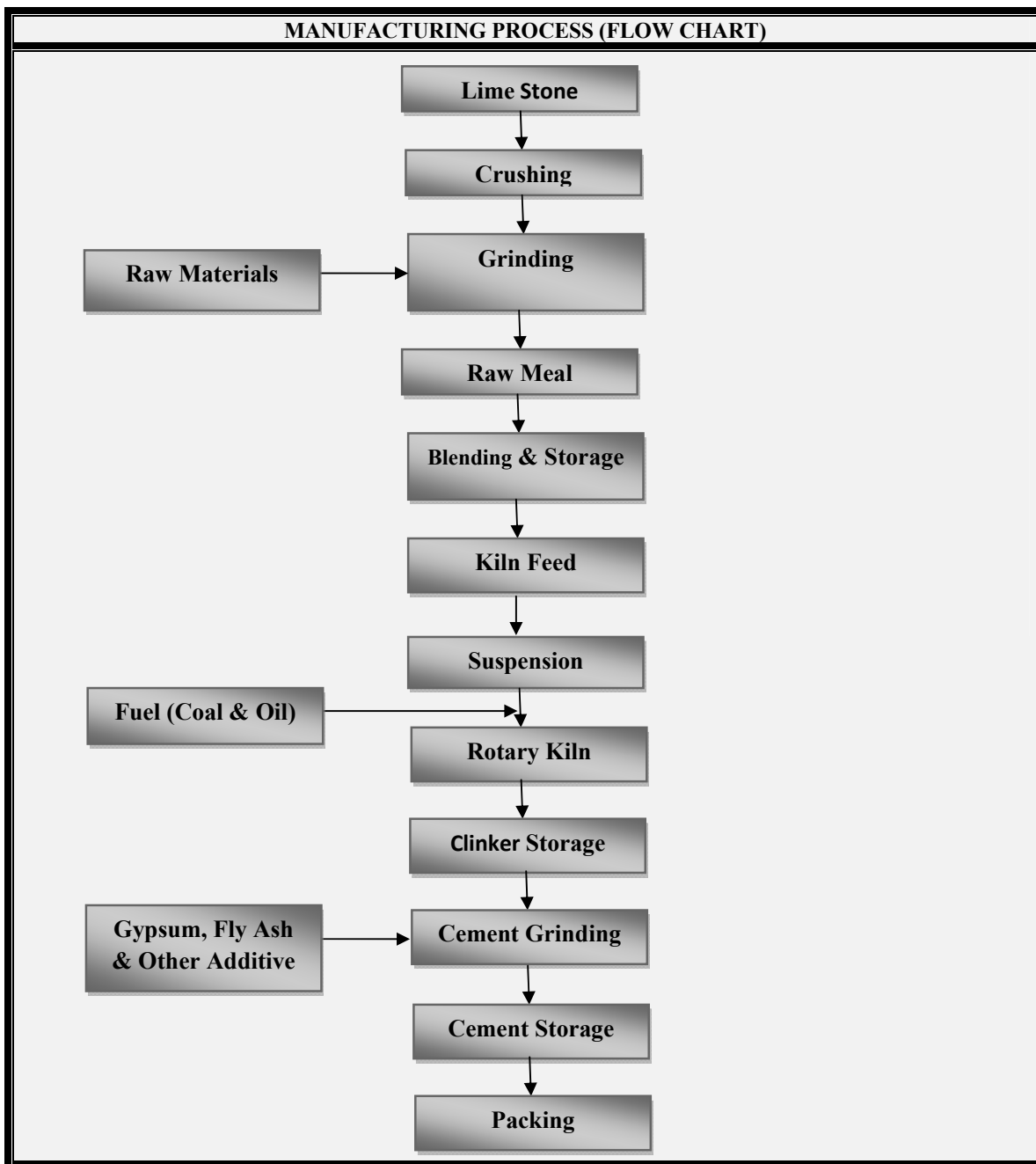
Our Company is focused on ensuring long-term availability of raw materials used in manufacturing of cement. We put a continuous check on supply/ stock of all the major raw materials like limestone, coal, mill scale/ iron ore, gypsum and other additives particularly fly ash for our plant. We are also pursuing with the Govt. of Bihar and Ministry of Environment & Forest (MOEF), Govt. of India for new leases for mining of limestone. We believe that this would reduce uncertainty in availability of raw materials and also assist us in arresting significant increase in costs of raw materials.

**Location**

| <b>Particulars</b> | <b>Address</b>   |
|--------------------|--|
| Registered Office  | 2 & 3, Dr. Rajendra Prasad Sarani<br>Kolkata – 700 001 |
| Corporate Office   | Maurya Centre<br>1, Fraser Road<br>Patna – 800 001     |
| Plant              | Banjari<br>Distt. Rohtas- 821 303                      |

**Our Manufacturing Process**

Our plant is dry process plant. Limestone is crushed to a uniform and usable size, blended with certain additives (such as iron ore) and discharged on High Pressure Grinding Rolls (HPGR), where the raw materials are ground to fine powder. An electrostatic precipitator dedusts the raw mill gases and collects the raw meal for a series of further stages of blending. The homogenized raw meal thus extracted is pumped to the top of a pre-heater by air lift pumps. In the preheaters the material is heated to 750°C. Subsequently, the raw meal undergoes a process of calcinations in a precalcinator (in which the carbonates present are reduced to oxides) and is then fed to the kiln. The remaining calcinations and clinkerization reactions are completed in the kiln where the temperature is raised to between 1,450°C and 1,500°C. The clinker formed is cooled and conveyed to the clinker silo from where it is extracted and transported to the cement mills for producing cement. For producing OPC, clinker and gypsum are used and for producing Portland Pozzolana Cement (“PPC”), clinker, gypsum and fly ash are used. In the production of Portland Blast Furnace Stag Cement (“PSC”), granulated blast furnace slag from steel plants is added to clinker.



Detailed manufacturing processes for the cement plant are given below.

#### Quarry and Crushing

The limestone is presently raised from two captive mines of the company viz. BLK mines at 0.5 KM distance and Murli hills located at distance of 2.5 KM from crusher head. The limestone is then transported to the crusher, located in the plant by dumpers where it is crushed to minus 90 mm size in an impact crusher (500 tph). The crusher has a drive of 600 KW and is fed by Apron Conveyor. A vibrating screen has been installed for screening of undersize/ rejects material. After crushing, the limestone is stored in preblending stockpile having a capacity of 30000 tonnes.

### **Raw Meal Preparation**

Grinding of limestone, along with iron ore / mill scale is carried out in high pressure grinding rolls (HPGR) which operate in finish mode with SKS-Sepmaster high efficiency separator inclose circuit, rated for a capacity of 150 tph. The roller press is of 1400 mm dia × 1600 mm width size and is driven by 2 × 700 kW motors. Our plant uses energy efficient High Pressure Grinding Rolls system for raw material grinding. Raw meal circuit is equipped with a crusher dryer for drying of raw material in case of high moisture content in feed. Ground raw meal is conveyed pneumatically and stored in a continuous flow (CF) silo of 7000 tonnes capacity.

### **Clinkerisation**

The plant has a rotary kiln of 3.6 m dia × 51m lenth, with a slope of 3.5% and a maximum speed of 3.3 rpm rated for an output of 1650 tpd. Kiln is equipped with a 5-stage suspension preheater and pyroclone precalcinator. The kiln feed is conveyed pneumatically to the top of preheater. Hot clinker from the kiln is air quenched in grate cooler having a grate surface area of 51 sq. m. Hot gases from kiln and precalciner combine at cyclone-V inlet, hence, in precalciner good oxidizing conditions are maintained for complete combustion of even lower grade fuels. In addition to coal, plant also uses rice husk, subject to availability, in precalciner through an indigenously built firing system. This has helped in reduction of coal consumption. Coal grinding is performed in a Loesche vertical roller mill (VRM) of capacity 21 tph. Raw coal is stored in an open circular stack pile of capacity 5000 tonnes after crushing in hammer crusher of 60 tph capacity.

The hot gases from preheater outlet are passed through raw mill for drying of raw material. Final dust collection is done in Electrostatic precipitator (ESP) which runs in compound operation. A part of hot gases are also used in coal mill for drying purpose. For slag drying, hot gases are taken off from cooler. Clinker is stored in the old crane gantry that has a capacity of more than 1.0 Lac tones.

### **Cement Grinding**

Our Company uses separate grinding technology for clinker and slag grinding in HPGR which are then blended in a paddle mixer, for the final product. The technology has several advantages as it avoids over grinding of clinker as each component can be ground separately to the required fineness, before blending.

Clinker grinding is done in semi-finish mode with high efficiency separator in close circuit followed by finish grinding in open circuit ball mill. The roller press is of 1400 mm dia × 1200 mm width size and is equipped with 2 × 900 KW motors. The capacity of clinker grinding system is 100 tph. Our plant also has an old ball mill of capacity 30 tph for cement grinding.

Grinding of slag is performed in finish mode having a flash dryer for drying wet slag and a high efficiency separator for controlling fineness. The roller press is of 1400 mm dia × 1200 mm width having a capacity of 60 tph.

Final mixing of clinker and slag is done in a paddle mixer of capacity 150-240 tph in proportion desired for producing optimum quality of cement. Ground clinker is conveyed to silo pneumatically by FK pumps and for ground slag, belt conveyor is used. The capacity of ground clinker silo and ground slag silo is 2100 t and 2350 t respectively. The three cement silos are one of 2560 t and two of 2325 t capacity each.

At present, however slag is not used in view of high material as well as operating cost. Slag has been replaced by fly ash, a waste material of the power plant and the use of fly ash in cement manufacturing has also been encouraged by Govt. of India due to environmental reasons. Use of fly ash also saves cost in terms of our consumption as the slag, which was earlier used in Portland Slag cement (PSC) as an additive, had to be ground to desired fineness which required heavy power consumption, slag being a very hard material. Since fly ash is already a fine powdery material, this simply needs blending to produce cement.

### **Packing**

Packing of cement is done in three packing machines of which one is an electronic rotary packer of capacity 120 tph with 8 spouts and other two are stationary packing machines of 60 tph and 40 tph having 6 and 4 number of spouts each. Polypropylene bags (PPE) are used for cement packing, which are loaded onto trucks through belt conveyors.

### Storage Facilities

At the rated capacity of kiln (1650 tpd) the preblending stockpile can store material for 18 days which is sufficient for continuous operation. The raw meal blending silo capacity can meet the requirement of four days of kiln running at the rated capacity which is normal for cement plant operation. The coal yard has a storage capacity of 20 days which is also normal. The total cement storage capacity of 7210 tonnes, is on the lower side, however, considering an additional storage capacity of 4450 tonnes for ground clinker and slag, storage capacity shall not be a constraint, in achieving 100% capacity utilization.

### Our existing Plant & Machinery is summarized as below:

Our plant is a modern dry process cement plant equipped with state-of the art technology with latest process control and automation system. The existing plant was commissioned in the year 1994 in collaboration with Holderbank of Switzerland. The plant has a rated capacity of one mtpa based on Portland slag cement with clinker manufacturing rated for 5.45 ltpa. The specification of major equipment installed is as under:

| Sl. No. | Name of Machinery                       | Maker/Supplier  | Capacity  |
|---------|---|-----------------|---|
| 1.      | Limestone Crushing                      | L&T             | 500 tph, impact hammer crusher  |
| 2.      | Limestone Preblending                   | Elecon          | 1 × 30000 t circular stockpile  |
| 3.      | Raw material grinding                   | CIMMCO/KHD      | High pressure grinding roll, 150 tph, size 1600 × 1400 mm finish grinding   |
| 4.      | Raw meal blending storage and kiln feed | CPAG/CIMMCO     | 1 × 7000 t continuous blending RCC silo 15m dia gravimetric kiln feed system of 140 tph   |
| 5.      | Clinkerisation                          | CIMMCO/KHD      | 1650 tpd rotary kiln (3.6 m dia × 51m) with 5 stage suspension preheater and precalciner. Reciprocating grate cooler with 51m <sup>2</sup> grate area |
| 6.      | Clinker Transport                       | Aumund/CIMMCO   | Deep bucket conveyor  |
| 7.      | Coal Grinding                           | Loesche/ CIMMCO | Vertical roller mill type LM20.20D capacity 21 tph  |
| 8.      | Slag drying and grinding                | KHD/ CIMMCO     | High pressure grinding roll 60 tph, size 1400 × 1200 mm finish grinding   |
| 9.      | Clinker Grinding                        | KHD/ CIMMCO     | High pressure grinding roll 100 tph, size 1400 × 1200 mm semi-finish grinding. Finish grinding of clinker in ball mill.                               |
| 10.     | Cement mixing                           | Lodge/ CIMMCO   | Paddle mixer, 150-240 tph   |
| 11.     | Packing                                 | MVT/ CIMMCO     | Electronic rotary packer 120 tph Two stationary packers 60 tph & 40 tph   |

### Utilities

#### Raw material

All major raw materials like limestone, coal, mill scale/ iron ore, gypsum and other additives particularly fly ash are easily available.

**Limestone:** Limestone is the basic raw material for cement manufacturing. At present, our company has mining leases agreement with Government of Bihar for 7 locations.

| Sl. No.      | Leasehold Area   | Area in Hectare | Total Mineable Reserve (in Million tons) |
|--------------|------------------|-----------------|--|
| 1.           | Murli Pahari     | 53.378          | 11.24                                    |
| 2.           | Banjari          | 19.130          | 5.76                                     |
| 3.           | Lebura           | 30.770          |  |
| 4.           | Kalyanpur        | 40.450          |  |
| 5.           | New Banjari      | 12.160          |  |
| 6.           | Bharuhi          | 44.550          | 1.91                                     |
| 7.           | Kasiwan Bajitpur | 3.723           | 0.01                                     |
| <b>Total</b> |                  | <b>204.161</b>  | <b>19.23</b>                             |

The estimated limestone reserve is over 19 million tons in above mentioned mines as per a report of the Mines & Geology Deptt. of the Govt. of Bihar. The minewise deposit has also been provided in the above table. In addition to this, our company and its associates have been allocated lime stone mines spread over 300 acres (Approx.) situated in the village of Sohdag Tiurakhurd, Khukhuma, Masuraha, Sanrakhi etc falling in forest and sanctuary areas where the deposit are expected to be around 50 million tons. But these leases could be available to the company only after compliance with legal requirements pertaining to forest & environment.

**Coal :** Our company uses coal for manufacturing clinker and has two proven sources for supply of coal. Firstly, our Company has long term coal linkage of 1.78 lac tons per annum with Central Coalfields Limited, a subsidiary of Coal India Limited and secondly the company also uses Meghalaya Coal.

**Gypsum:** There are two forms of gypsum used in our plant namely (i) Mineral Gypsum and (ii) Chemical Gypsum.

Mineral gypsum is available from Rajasthan deposit through Rajasthan State Mines & Minerals Limited as well as Bhutan and Chemical Gypsum being a bye-product of fertilizer plants is available from fertilizer plants.

**Mill Scale / Iron Ore:** This is an additive for clinker manufacture to provide requisite iron content in clinker. Mill scale is the scrap of rolling mills and is generally available in desired quantity albeit at higher cost due to its export potential. Alternatively, iron ore fines are used which is available without any constraint.

**Fly Ash:** The material is available from several power plants in the vicinity of about 200-250 K.M. There is no constraint in availability of this material.

#### **Water**

Our plant does not have constraints on account of water supply. Water is drawn from the perennial Sone river which flows near to our plant. Further, our mines also yield a good amount of water.

#### **Power**

Our Company has sanctioned power load of 15 MVA which is supplied to our plant on 132 KV EHT line by Bihar State Electricity Board. Except for occasional tripping the power supply is regular and uninterrupted. Our company also has standby power arrangement through two Diesel Power Generating Sets of 1500 KVA each to take up emergency loads in case of power tripping.

Further, our company has initiated steps towards setting up of captive power plant. This will help reduce cost of energy substantially besides improving quality of power in terms of uninterrupted supply of power.

#### **Effluent Disposal / Environment Compliances**

No hazardous liquid effluent is discharged by the Plant. There are smoky emissions for which pollution control equipments have been installed. Presently, there are 3 ESPs and 10 bag filters installed in various sections of the plant.

A green belt has also been created by planting trees in and around the plant to suppress dust emission. PUC clearance is renewed upto June 30, 2013, vide Bihar State Pollution Control Board orders dated June 26, 2012.

#### **Capacity**

The table below sets out our installed capacity and capacity utilization:

| <b>Year</b> | <b>Installed Capacity</b> | <b>Production</b> | <b>Capacity Utilization</b> |
|-------------|---------------------------|-------------------|-----------------------------|
| 2009-10     | 10.00 (Lac Tonns)         | 6.76 (Lac Tonns)  | 67.60%                      |
| 2010-11     | 10.00 (Lac Tonns)         | 7.61 (Lac Tonns)  | 76.10%                      |
| 2011-12     | 10.00 (Lac Tonns)         | 6.28 (Lac Tonns)  | 62.80%                      |

## Manpower

The manufacturing process of Cement Industry requires an appropriate mix of skilled, semi-skilled and Unskilled labour, which is readily available. Our Company recruits people from the Industry depending on its requirement. We also engage labour on contract basis for doing non-routine type of work as and when required. The Company has maintained good relationship with the employees. There is easy availability of labour around the towns and cities where our factory is located and we do not foresee any problem in hiring more manpower. As on June 30, 2012, our Company has a total of 1081 permanent employees. In addition, our company engaged contractors to carry out some of the activities in mines and plant areas.

These permanent employees may be segregated as follows:

| Particulars       | No. of Employees |
|-------------------|------------------|
| Production        | 953              |
| Sales & Marketing | 48               |
| Administration    | 80               |
| <b>Total</b>      | <b>1081</b>      |

## Marketing Strategy

70% of our core market lies within a radius of 200 K.M. The remaining market in Bihar lies within a radius of 350 K.M. The average distance of cement travel is 250 K.M against the average of 400 K.M for the other players selling cement in Bihar. Our Company sells about 90% of our product in Bihar of which about 70% in core area. In view of the huge demand supply gap in Bihar and the significant freight advantage enjoyed by our company, our company would not find any difficulty in marketing our product.

Our company also has a large network of dealers spread over the State of Bihar and other marketing areas. Further, our company appoints sales promoters who serve as the link between our company and the dealers. Our Company also has warehouses in Bihar, Jharkhand, Uttar Pradesh and West Bengal.

The Government of Bihar is also one of our customers. We supply our cement to Irrigation Department, Dy. Development Commissioners, Agricultural Marketing Boards and Bihar State Electricity Board.

## Export Possibilities and Obligation

As on date of this Draft Letter of Offer, our company does not have any Export Obligations.

## Subsidiaries and strategic alliances

As of the date of the Draft Letter of Offer, we have no subsidiary or any strategic alliances.

## Joint Ventures

We do not have any joint ventures as on the date of the Draft Letter of Offer.

## Competition

Large cement companies are our competitors, to remain competitive, we strive to reduce our cost of production and improve our product offerings, our brand excellence, advertising communications and our operating efficiencies. Our Company faces competition from brands like Birla Samrat, Birla Gold, Chetak, Konark, ACC, Ambuja, Jaypee, Prism, Lafarge, Ultratech and others.

### Intellectual Property

Our Company has a total of 3 trademarks which are registered in our name. Details of which are as follows;

| Sr. No. | Particulars of Mark                       | Word/ Label Mark | Applicant                       | Application Registration no | Date of Application | Class | Status     |
|---------|---|------------------|---------------------------------|-----------------------------|---------------------|-------|------------|
| 1.      | “KALYANPUR”<br>Cements Limited            | Label            | Kalyanpur<br>Cements<br>Limited | 836789                      | January 14,<br>1999 | 19    | Registered |
| 2.      | KC Super Cement                           | Label            | Kalyanpur<br>Cements<br>Limited | 836790                      | January 14,<br>1999 | 19    | Registered |
| 3.      | DGT<br>(DOUBLE<br>GRINDING<br>TECHNOLOGY) | Label            | Kalyanpur<br>Cements<br>Limited | 836791                      | January 14,<br>1999 | 19    | Registered |

For further details on the status of our trademarks, please refer to the chapter titled “**Government and Other Approvals**” on page 190 of this Draft Letter of Offer.

### Property

The brief details of the properties owned/leased by our Company are set out below:

| Sr. No. | Particulars            | Location   | Name, address of Lessor / Landlord.  | Freehold/ Leasehold/ Rental    | Date of Agreement & Term                             |
|---------|------------------------|--|--|--------------------------------|--|
| 1       | Registered Office      | 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700 001 | Life Insurance Corporation of India Ltd.   | Rental                         | Not Available  |
| 2       | Corporate Office       | Maurya Centre 1, Fraser Road Patna – 800 001         | Bihar Hotels Limited<br>Maurya Centre 1, Fraser Road Patna – 800 001                                   | Rental                         | April 2, 2012<br>(Term: Upto March 31, 2013)         |
| 3       | Plant                  | Banjari Distt. Rohtas- 821 303                       | Kalyanpur Lime Works Limited<br>2, Clive Row, Kolkata - 700 001  | Freehold – Anabad Bihar Sarkar | July 13, 1939  |
| 4       | Warehouse Muzzaffarpur | Narayanpur Bela, Ward no. 38 Muzzaffarpur            | Mithila Properties Publication & Contract Enterprises Private Limited<br>Motijheel, Muzaffarpur, Bihar | Leasehold                      | November 26, 2010<br>(Term : Upto November 30, 2013) |
| 5       | Warehouse Chapra       | Laxmipur Chandchaura, Khaira Road, Chapra            | Navratna Prasad Gupta<br>Puja Electric Corner, Mauna Phatak, Dist- Chapra                              | Leasehold                      | April 1, 2010<br>(Term : Upto March 31, 2013)        |
| 6       | Warehouse Gaya         | Gaya Patna Road, Kandi, Nawada, Gaya                 | Md. Adil Hanif Market, A.N. Road, Near Petrol Pump, Kirani Ghat,                                       | Leasehold                      | March 15, 2011<br>(Term : Upto April 14, 2014)       |

|     |                         |  | Gaya  |              |                     |
|-----|-------------------------|--|---|--------------|---------------------|
| 7   | Warehouse Patna         | Khagaul Road, Prakash Nagar, Phulwarisharif  | Indrawasi Devi Khagaul Road, Prakash Nagar, Near Phulwari High School   | Leasehold    | In renewal process. |
| 8   | Warehouse Siwan         | Laxmipur, Siswan Dhala, Siwan  | Nidhesh Choudhury, Chanda Devi, Naya Bazar, Siwan   | Leasehold    | In renewal process. |
| 9   | Warehouse Chakia        | i) Madhuvan Road, near Rice mill, Chakia<br>ii) Enally Traders, Rashid Jamal, Sahabganj Road, Barachakia | i) Binod Agarwal, Naya old Post office, Bara chakia<br>ii) Rashid Jamal, Sahabganj Road, near Shankar Talkies, Chakia | Leasehold    | In renewal process. |
| 10  | Warehouse Darbhanga     | Dilli More, NH-57, Ranipur, Darbhanga  | i) Ashok Kr.Sharma<br>ii) Shashi Bhushan Pd. Singh, Rampur Khoram, Dist.- Chapra                                      | Leasehold    | In renewal process. |
| 11. | Warehouse Barauni       | Makhan shala Road, Begusarai   | Shiv Kr. Kejriwal Makhan shala Road, Begusarai.   | Leasehold    | In renewal process  |
| 12. | Warehouse Buxar         | Kawal Dah Pokhra, Station Road, Buxar.   | Brij Kishore Mishra Station Road, Buxar   | Leashold     | In renewal process. |
| 13. | Warehouse Ara           | Gorna Road, Ara  | Ranju Singh, Powergunj, Ara   | Leashold     | In renewal process. |
| 14  | Warehouse Dehri on Sone | Chuna Bhatta More, near Rly. Stn., Dehri on Sone.  | Not Applicable  | Own property | Own property        |
| 15  | Warehouse Varanasi      | Pama Complex, DLW Road, Lahartara, Varanashi   | Patton Warehousing Pvt. Ltd., Malkagunj.Delhi   | Lease hold   | In renewal process  |

### Insurance

Our Company has an Industrial All Risks Insurance Policy that covers fire, earthquake, theft, burglary, terrorism, flood, typhoon, tempest etc. Other coverages currently in place include policies for covering cash in transit, motor vehicle, mediclaim, personal accident, cash fidelity and electronics items. These policies are subject to deductibles, maximum coverage amounts and various exclusions. Although our Company maintains insurance protection that is considered economically prudent, there can be no assurance that it will be able to maintain adequate insurance at rates which management considers commercially reasonable, nor can there be any assurance that such coverage will be adequate to cover all claims that may arise.

## **REGULATIONS AND POLICIES**

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

### **MINISTRY OF COMMERCE AND INDUSTRY**

The Ministry of Commerce and Industry, GoI, oversees the activities of the cement industry through the Department of Industrial Development.

#### ***Licensing Policy***

Under the New Industrial Policy dated July 24, 1991, all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum (“IEM”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI, and no further approvals are required.

Cement has been exempted from industrial licensing pursuant to Notification Number 477(E) dated July 25, 1991 issued under the Industries (Development and Regulation) Act, 1951. Consequently, the Company does not require an industrial license.

#### ***FDI in Cement Sector***

Foreign investment in Indian securities is regulated through the industrial policy of GoI and FEMA. While the industrial policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the industrial policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

At present, investments in companies manufacturing cement fall under the automatic approval route for FDI/NRI investment up to 100%.

#### ***Ownership restrictions on Foreign Institutional investors***

Under the portfolio investment scheme, the overall issue of equity shares to Foreign Institutional investors on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single Foreign Institutional investor should not exceed 10% of the post-issue paid-up capital of the Company. In respect of a Foreign Institutional investor investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total issued capital of the Company.

## **LAWS AND REGULATIONS RELATING TO THE CEMENT INDUSTRY**

The applicable cement laws and regulations include the following:

- Cement Control (Amendment) Order, 1989

Pursuant to Notification No.1-5/89-Cem, dated March 1, 1989 (S.O. No. 168(E)), the Cement Control Order, 1967 (the “1967 Order”) was amended, resulting in removal of the Government’s control over

price and distribution of cement. The amended 1967 Order, also known as the Cement Control (Amendment) Order, 1989, provides for maintenance of books relating to production, removal, sale and transfer of cement (excluding white cement) by the producer and furnishing of returns or such other information as may be specified by the Central Government. The Cement Control (Amendment) Order, 1989 also provides for the maintenance of a Cement Regulation Account by the Development Commissioner for the cement industry. The amount credited in this account is to be used, *inter alia*, for reimbursing the producer towards equalizing freight or concession in the matter of export price.

- Cement Cess Rules, 1993

The Cement Cess Rules, 1993, impose a cess on the manufacture of cement. The Cement Cess Rules provide for monthly returns to be filed by the producer with the appropriate authority and the amount due every month to be deposited by the 15th of the subsequent month. The proceeds of the cess are to be utilized for research and development in cement manufacturing and persons engaged in cement industry.

- Cement (Quality Control) Order, 2003

The Cement (Quality Control) Order, 2003, has been framed under the Bureau of Indian Standards Act, 1986, as amended, and prohibits sale, manufacture and distribution of cement which does not meet the quality requirements specified by the Bureau of Indian Standards or does not bear the standard mark, and requires a manufacturer of cement to make an application to the Bureau of Indian Standards for obtaining a license for use of the standard mark.

## **MINING LAWS AND REGULATIONS**

The Central Government has the power to regulate mines and mineral development under Entry 54 of List-I of the Seventh Schedule to the Constitution of India to the extent to which such regulation and development is declared by the Parliament by law to be expedient in the public interest. The State Governments have been given powers under Entry-23 of List-II to regulate mines and mineral development subject to the Union's power under Entry 54 of List-I.

The mining laws and regulations that are applicable to our Company include the following:-

- Mines and Minerals (Development and Regulation) Act, 1957 (the "MMDR Act") and the Mineral Concession Rules, 1960; -

Mines and Minerals (Development and Regulation) Act, 1957 came into force with an Objective to provide for the regulation of mines and the development of minerals under the control of the Union Government:

- Bihar Minor Minerals Concession Rules, 1972:

Bihar Minor Mineral Concession Rules, 1972 has come in exercise of the powers conferred by section 15 of the Mines and Minerals (Development & Regulation) Act, 1957, (Central Act 67 of 1957), the Bihar Minor Minerals Concession Rules, 1972 set out the rules and regulations with regard to the grant of quarry licences, mining leases and other mineral concessions in respect of minor mineral.

- Limestone and Dolomite Mines Labour Welfare Fund Act, 1972 and Limestone and Dolomite Mines Labour Welfare Fund Rules, 1973:-

Limestone and Dolomite Mines Labour Welfare Fund Act, 1972 came into force with an object to provide for the levy and collection of a cess on limestone and dolomite for the financing of activities to promote the welfare of persons employed in the limestone and dolomite mines.

- The Mines Act, 1952 and Mines Rules, 1955;

The Mines Act, 1952 came into force with an object to amend and consolidate the law relating to the Regulation of Labour and safety in mines.

- The Payment of Wages (Mines) Rules, 1956; and
- Metalliferous Mine Regulations, 1961.

#### *Description of the Principal Mining Regulations*

- The grant and renewal of a mining lease is governed by the provisions of the MMDR Act and the Mineral Rules.
- The MMDR Act prohibits any person from undertaking any mining operations without obtaining a mining lease. The Mineral Rules require that mining leases in respect of limestone should be obtained from the State Government. The State Government also has jurisdiction to renew a mining lease.
- Mining rights are subject to compliance with certain terms and conditions specified under the Mineral Rules. The Central Government and the State Governments have the power to take actions with respect to mining rights, including the imposition of fines or restrictions, the revocation of the mining rights or implementation of a change in the amount of royalty payable.

#### *Grant of Lease*

- Under the MMDR Act, a mining lease is granted for a minimum period of twenty years and a maximum period of thirty years. The term of the mining leases granted to our Company by the State Government of Bihar is 20 years.
- On receipt of an application for grant of a mining lease, the State Government takes a decision to grant the precise area for the mining lease and communicates the same to the applicant. The maximum area which may be granted under a lease is ten square kilometres in one or more mining leases. The Central Government may, however, relax this restriction in the interest of development of the mineral.
- The Mineral Rules mandate that within six months of the said communication from the State Government, or such other extended period as may be permitted by the State Government, a five year mining plan has to be submitted for approval by the Central Government. The mining plan lays down the detailed procedure for conducting the mining operations. The mining plan approved by the Central Government is submitted to the State Government for grant of the mining lease over the specified area. In case of cement grade limestone, the mining plan is approved by the Indian Bureau of Mines, Ministry of Mines, GoI.
- Under the Mineral Rules, during the term of the mining lease, the lessee is required to pay royalty or dead rent, whichever is higher, to the State Government. Under the Second Schedule of the MMDR Act, the current rate of royalty applicable to a limestone lease is ₹ 63 per tonne. Under the Third Schedule, the current rate of dead rent is Nil for the 1<sup>st</sup> year, ₹ 200 per hect. Per annum for the 2<sup>nd</sup> & 3<sup>rd</sup> year, ₹ 500 per hect. p.a. for 4<sup>th</sup> year and ₹ 1000 p.a. per hect. for subsequent years.

#### *Renewal of Lease*

- Under the Mineral Rules:
  - a. an application for renewal of mining lease has to be made to the State Government. Before the grant of approval for second or subsequent renewal of a mining lease, the State Government seeks a report from the Controller General of Indian Bureau of Mines in respect of whether the grant of renewal will be in the interest of the development of the mineral. If a report is not received from the Controller General of Indian Bureau of Mines within three months of receipt of communication from the State Government, it would be deemed that the Indian Bureau of Mines does not have an adverse report regarding the grant of renewal of the mining lease.
  - b. a person is required to apply for renewal of the mining lease at least twelve months prior to the date of expiry of the subsisting mining lease. Any delay in filing an application for renewal can be condoned by the State Government on merits provided that the application is made prior to the date of expiry of the subsisting mining lease.
  - c. an application for renewal of the mining lease in time authorizes a person to continue mining operations beyond the date of expiry of the subsisting mining lease until the State Government

decides on the application for renewal. If an application for renewal is made in time, the period of that lease is deemed to have been extended by a further period until the State Government passes orders thereon.

- d. a person seeking renewal of the mining lease for a mineral which is used in such person's own industry is entitled for renewal of the lease for a period not exceeding twenty years.
- Pursuant to the Supreme Court judgment in *M.C. Mehta v. Union of India* (AIR 2004 SC 4016), environmental clearance from the MoEF, GoI is also required at the time of renewal of a mining lease if the area under the lease is in excess of 5 hectares and the mining lease is in respect of a major mineral.

#### *Determination of Lease*

- A notice of 12 months must be given to the State Government before determination of the lease by the lessee.
- In case of closure of the mine by the lessee, a final mine closure plan must be approved by the Regional Controller of Mines and a certificate that the conditions of the mine closure plan have been complied with must be obtained from the Regional Controller of Mines.
- A partial surrender of rights for mining certain minerals is permitted in certain conditions and a notice of six months must be given prior to surrender of the rights.

#### *Transfer of Lease*

- Under the Mineral Rules, the prior consent of the State Government in writing is required for transfer of a mining lease. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

### **LABOUR RELATED LEGISLATIONS**

#### ***The Factories Act, 1948***

The Factories Act, 1948 (“**Factories Act**”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. It applies to industries in which (i) 10 or more than 10 workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power, or (ii) 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each State has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act provides that occupier of a factory *i.e.* the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment of the manager of the factory in case of any contravention of the provisions of the Factories Act.

Depending upon the nature of the activity undertaken by us, additional applicable labour laws and regulations include the following:

- Employee’s Compensation Act, 1923
- Payment of Gratuity Act, 1972
- Payment of Bonus Act, 1965
- Maternity Benefit Act, 1961
- Minimum Wages Act, 1948
- Contract Labour (Regulation and Abolition) Act, 1970
- The Employees State Insurance Act, 1948
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Wages Act, 1936
- Industrial Disputes Act, 1947
- Workmen’s Compensation Act, 1923

- Industrial Employment Standing Orders Act, 1946
- The Maternity Benefits Act, 1961
- The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950
- Explosives Act, 1884

## **ENVIRONMENTAL REGULATIONS**

The Environment Protection Act, 1986 (“**Environment Protection Act**”), Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) and the Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) provide for the prevention, control and abatement of pollution. Pollution Control Boards (“**PCBs**”) have been constituted in all the States in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (“**Hazardous Waste Rules**”) impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier and operator of the facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste.

### ***The Public Liability Insurance Act, 1991***

The Public Liability Insurance Act, 1991 (the “**Public Liability Act**”) imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

## **TAX RELATED REGULATIONS**

### ***Excise Duty***

Excise duty is levied on the manufacture or production of goods in India and is collected at the time of removal of the goods from the place where they are manufactured or produced. It is levied under the provisions of the Central Excise Act, 1944 and is generally paid on the transaction value of the goods at the rates mentioned in the Central Excise Tariff Act, 1985 (“**Tariff Act**”). The rate of excise duty depends on the classification of the goods in the Tariff Act. By a notification (30/2004-Central Excise) dated July 9, 2004, the Central Government granted an exemption to certain goods from the levy of excise duty, including articles of apparel and clothing accessories (knitted or crocheted). Subsequently by a notification (30/2011-Central Excise) dated March 24, 2011, the Central Government restricted such exemption to goods ‘other than those bearing a brand or sold under a brand name’.

### ***Sales Tax (Value Added Tax) / Central Sales Tax***

Sales tax is levied on the sale of movable property in goods. In India, sales tax is levied both at the federal level under the Central Sales Tax Act, 1956 as well as the state level under the respective state legislation.

Goods sold within the jurisdiction of a state are charged to Value Added Tax (“**VAT**”) in accordance with the VAT statute of that state. All the states have in force a separate VAT statute which prescribes the rates at which VAT will be levied on taxable goods sold within that state. VAT is usually payable by a ‘dealer’ of goods (*i.e.* a person who carries on the business of selling or purchasing goods within a state) on its sales turnover. Depending on the schedule in which a good is categorized, VAT would be either exempt or levied at the rate of 1%, 5%, 13.5% or such other rate as the State Government notifies from time to time.

Central Sales Tax (“**CST**”) is levied in accordance with the Central Sales Tax Act, 1956 on movable goods sold in the course of inter-state trade or commerce. CST is payable by a dealer (*i.e.* a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate. However, a dealer is entitled to a concessional rate of 2% CST on goods which are sold to another registered dealer who intends to further re-sell

them or use them in the manufacture or processing for further sale or for certain other specified purposes, subject to the condition that the purchasing dealer issues a statutory form “C” to the selling dealer.

Textile products were covered under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, under which additional excise duty was levied on these products in lieu of exempting them from local sales tax. State governments were not allowed to impose any sales tax on textile articles. The objective of this regime was to ensure that the excise duty (in lieu of sales tax) on textile products was not very high and was standardised across the country, as textile products are basic necessities and hence very important to the economy. The GoI compensates the states for loss of revenues arising out of non-imposition of sales tax.

#### ***Service tax***

Service tax is levied under the Finance Act, 1994, as amended, wherein tax is levied on certain identified services rendered in India by specified service providers. Currently, service tax is levied on gross value of taxable services at the rate 12% plus an education cess of 2% and a secondary and higher education cess at the rate 1%. However, in keeping with the biggest impending Reform in the field of “Indirect Taxation” by adopting the Goods & Services Tax (GST), the Govt. of India through its Union Budget, 2012-13 and by amending the Finance Act, 1994 has implemented the concept of “Negative List” and thus hereafter, the services will not be taxed on the basis of specific inclusion in the Act but the same will be taxed on the basis of the entries in the Negative List and therefore, the services not appearing in the Negative List will be taxed w.e.f. 1.7.2012.

#### ***Income Tax Act, 1961***

Income Tax Act, 1961 is applicable to every domestic/foreign company whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 30th September of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

## **HISTORY AND CERTAIN CORPORATE MATTERS**

### **Incorporation**

We were originally incorporated as Kalyanpur Lime & Cement Works Limited on 11<sup>th</sup> August 1937 under the Indian Companies Act, 1913 in the State of West Bengal. We received our certificate of commencement of business on 9<sup>th</sup> November 1937. Subsequently, the name of our Company was changed from Kalyanpur Lime & Cement Works Limited to Kalyanpur Cements Limited and a fresh certificate of incorporation to this effect was issued by the Registrar of Companies, West Bengal on 9<sup>th</sup> March 1988.

Our Company was promoted by Mr. Surendranath Banerjee and Mr. Mahendranath Banerjee in the name and style of Kalyanpur Lime & Cement Works Limited to acquire as a going concern the business and goodwill of Kalyanpur Lime Works Limited, situated at Kalyanpur, Banjari and the goodwill and assets of that business. The said lime business of Kalyanpur Lime Works Limited was transferred to our Company on July 13, 1939 in conformity with the resolution passed at the Extra-ordinary General Meeting of the shareholders held on June 30, 1939. Later, the management of our Company was taken over by the Sinha family in 1942 and is presently being managed by Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha.

### **Changes in our registered office**

The registered office of our Company has not been changed since incorporation.

### **Listing**

The Equity Shares of our Company are listed on BSE Limited ("BSE"), Calcutta Stock Exchange Limited ("CSE") and Magadh Stock Exchange, Patna ("MSE"). However, vide Order dated August 30, 2007, SEBI has de-recognised MSE with effect from September 19, 2007. Further at CSE, only 2 Crores (pre-reduction) equity shares of our Company are listed at present and our Company is pursuing the matter with CSE for completion of formalities.

### **Scheme of Rehabilitation**

Based on its audited balance sheet as at December 31, 2000, our Company was declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 by the BIFR in its hearing held on May 28, 2002 and IFCI was appointed as the Operating Agency. The BIFR by its orders dated February 03, 2012 (Case No. 155/2001- M/s Kalyanpur Cements Limited) sanctioned the scheme for the rehabilitation ("**Scheme of Rehabilitation**") of our Company.

The cost of rehabilitation as per the Scheme of Rehabilitation was ₹ 460.49 crores. This amount was financed/to be financed by Priority Debts (from M/s Vivid Colours Private Limited) for an amount of ₹ 6.50 crores, issue of fresh capital to M/s Vivid Colours Private Limited for an amount of ₹ 8.50 crores, Unsecured Loan from promoters for an amount of ₹ 2 crores, Subsidy for Captive Power Plant for an amount of ₹ 35 crores, Exemption from Electricity Duty of ₹ 11.25 crores, 80% VAT Re-imbursement of ₹ 165.04 crores, Loan from promoters/M/s Vivid Colours Private Limited for an amount of ₹ 40 crores and and internal accruals of ₹192.21crores along with certain reliefs and concessions granted in accordance with the Scheme of Rehabilitation. The Scheme of Rehabilitation is under implementation after its circulation on February 3, 2012 and the same shall be implemented fully by the end of financial year 2016-17. The Operational Restructuring Exercises were completed earlier.

### **Scheme of Compromise**

The High Court of Calcutta by its order dated November 21, 2006, in Company Petition No. 319 of 2006, under Section 391(2) of the Companies Act, approved the scheme of compromise between Our Company, its shareholders and secured creditors, for restructuring of its capital and debts and reviving its operations ("**Scheme of Compromise**"). This was achieved by the following:

- The Equity Share Capital of our Company was reduced by 95% leading to reduction in face value of Equity Shares from ₹ 10 each to ₹0.50 each and simultaneously, 20 Shares of ₹0.50 have been consolidated into 1 Equity Share of ₹ 10 each.

- 1,10,60,000 Equity Shares of ₹ 10 each were allotted to ARCIL at par against the secured debt of ₹ 11.06 crores.
- The existing Preference Share Capital was written down by 85% leading to reduction in face value of Preference Shares from ₹ 100 each to ₹ 15 each and 44,11,766 new Preference Shares of the series 0.10% Cumulative Redeemable Preference Shares of ₹ 15 each were allotted in lieu thereof.

For details, see —*Capital Structure* on page 38.

### Major Events

| Year | Event  |
|------|--|
| 1937 | Our Company was incorporated as “Kalyanpur Lime & Cement Works Limited”  |
| 1942 | The management of our Company was taken over by the Sinha family and since then being managed by Sinha family and presently by Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha.   |
| 1946 | Commencement of production with a manufacturing capacity of 46000 tons/per annum under wet process technology at Village Banjari, Distt: Rohtas, Bihar.  |
| 1958 | The capacity of our Plant enhanced from 46000 tons/per annum to 1,46,000 tons/per annum  |
| 1968 | The capacity of our Plant enhanced from 1,46,000 tons/per annum to 3,46,000 tons/per annum   |
| 1980 | The capacity of our Plant enhanced from 3,46,000 tons/per annum to 4,80,000 tons/per annum   |
| 1988 | The name of our Company was changed from “Kalyanpur Lime & Cement Works Limited” to “Kalyanpur Cements Limited”  |
| 1959 | Initial Public Offering and Listing of Equity Shares of our Company on CSE   |
| 1965 | Listing of Equity Shares of our Company on BSE   |
| 1991 | Rights Issue of 56,25,000 Equity Shares of ₹ 10 each   |
| 1993 | Rights Issue of 75,00,000 Equity Shares of ₹ 10 each   |
| 1994 | A modern one million ton dry process cement plant set up in collaboration with Holderbank (now Holcim) commenced production  |
| 1995 | Rights Issue of 50,00,000 Equity Shares of ₹ 10 each   |
| 2002 | Our Company was declared as a Sick Company   |
| 2006 | The Scheme of Compromise between Our Company, its shareholders and secured creditors, for restructuring of its capital and debts and reviving its operations was approved vide order of the High Court of Calcutta dated November 21, 2006 |
| 2012 | Scheme of rehabilitation sanctioned by the BIFR  |

Our Company has not changed its activities or discontinued any lines of business during the last five years which may have a material effect on our financial condition and results of operation. Further, our Company is not operating under any injunction or restraining order. For details of our business, our Operations see “*Our Business*” on page 66.

### Our Main Objects

Our objects as contained in Clause III in our Memorandum of Association are:

| Clause | Particulars  |
|--------|--|
| (1)    | To Purchase or otherwise acquire as a going concern the business and goodwill of Kalyanpur Lime Works Limited, situated at Kalyanpur, Banjari, Lebura and Kamal-Khairida in the District of Shahbad and the goodwill and assets of that business and for that purpose to enter into and carry into effect with or without modification the Agreement referred to in Article 3 of the Articles of Association of the Company. |
| (2)    | To purchase, take on lease, or otherwise acquire any mines, mining rights, and metalliferous land in India and any interest therein and to explore, work, exercise, develop and turn to account the same.  |
| (3)    | To purchase, take on lease, or otherwise acquire any lands and properties in any part of India, and manage, cultivate and employ and develop the resources of and turn to account such land and property as the Company may think fit.   |

| Clause | Particulars   |
|--------|---|
| (4)    | To purchase, take on lease or in exchange, hire or otherwise acquire and to let out, hire, and trade with any moveable and immoveable property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and in particular any lands, buildings, works, quarries, minerals, easements, machinery plant, stock-in-trade, boats, vessels and rolling stock.  |
| (5)    | To crush, win, get, quarry, smelt, calcine, refine, dress, amalgamate manipulate and prepare for market, ore, metal and mineral substances of all kinds, and to carry on any other metallurgical operations which may seem conducive to any of the Company's objects  |
| (6)    | To buy sell, produce, manufacture and deal in all kinds of cement, stone and other raw materials for cement manufacture, lime and all by-products and subsidiaries arising therefrom.   |
| (7)    | To carry on the trade or business of stone-quarrying and of dealers in stone and timber, lime burners and manufacturers, cement manufacturers and colliery proprietors in their respective branches, to search for, get, work, raise, make merchantable, buy, sell and deal in stone, limestone, lime, coal, coke, brick, earth bricks, pipes, tiles, fire-clay, fire-bricks, and other metal, minerals, vegetable and other produce and material and substances of all kinds and live-stock and to manufacture and sell the same, and generally to develop the resources of any lands, rights or privileges to be at any time acquired by the Company. |
| (8)    | To construct, purchase, acquire, carry out, maintain, improve, manage, work, control and superintend any roads, ways, tramways, railways, ropeways, bridges, reservoirs, watercourses, aqueducts, tube-wells, wells, cisterns and the like, wharves, furnaces, saw-mills, crushing works, hydraulic works, electrical works in all its branches including telephones and radios, factories, warehouses, workshops, shops and other works, ropeways and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidise or otherwise aid or take part in any such operations.         |
| (9)    | To carry on or acquire any other business whether manufacturing or otherwise that may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights.  |
| (10)   | To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any person or Company carrying on any business which this Company is authorized to carry on or possessed of property suitable for the purposes of this Company.   |
| (11)   | To enter into partnership or into any arrangement for sharing profits, union of interests or co-operation with any person or Company carrying on or about to carry on any business which this Company is authorized to carry on or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise acquire and hold shares or stock in any such Company.   |
| (12)   | To enter into any arrangement with any government or authorities – municipal, local or otherwise – that may seem conducive to the Company's objects or any of them and to obtain from any such government or authority any rights, privileges and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.  |
| (13)   | To promote any Company or Companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for carrying into effect any of the objects of this Company or for any other purposes which may seem directly or indirectly calculated to benefit this Company and to take or otherwise acquire and hold shares, debentures or other securities in or of any such Company.  |
| (14)   | To promote any Company or Companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for carrying into effect any of the objects of this Company or for any other purposes which may seem directly or indirectly calculated to benefit this Company and to take or otherwise acquire and hold shares, debentures or other securities in or of any such Company.  |
| (15)   | To promote any Company or Companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for carrying into effect any of the objects of this Company or for any other purposes which may seem directly or indirectly calculated to benefit this Company and to take or otherwise acquire and hold shares, debentures or other securities in or of any such Company.  |
| (16)   | To borrow or raise or secure the payment of money in such manner as the Company shall think fit and to purchase, redeem and pay off any such security furnished by the Company.   |

| Clause | Particulars  |
|--------|--|
| (17)   | To make, draw, accept, endorse and execute promissory notes, bills of exchange and other negotiable instruments.   |
| (18)   | To invest the moneys of the Company, not immediately required upon such securities as may from time to time be determined.   |
| (19)   | To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business, or the dependents or connections of such persons, and to grant pensions and to subscribe or guarantee money for charitable or benevolent objects or for any exhibitions or for any public, general or useful objects. |
| (20)   | To lend money and in particular to customers of and persons having dealings with the Company and to guarantee the performance of contracts by members of, or persons having dealings with the Company.   |
| (21)   | To remunerate any person or Company for services rendered or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debentures stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.  |
| (22)   | To adopt such means for making known the products of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art and interest, by publication of books and periodicals and by granting prizes, rewards and donations.  |
| (23)   | To sell the undertaking or any property of the Company or any part thereof, for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company having objects altogether or in any part similar to those of this Company.   |
| (24)   | To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.   |
| (25)   | To appoint agents and constitute agencies of the Company in India (including Burma and independent or Tributary States) or elsewhere.  |
| (26)   | To distribute among the members of the Company in kind any property of the Company and in particular any shares, debentures, debenture stock or securities of other Companies belonging to this Company or of which this Company may have the power of disposing.  |
| (27)   | To do all such things as are incidental or conducive to the attainment of the above objects.   |

### Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

| Date of Amendment / Shareholders Resolution | Amendment  |
|---|--|
| March 16, 1954                              | Increase in the authorised share capital of the Company from ₹ 25 Lacs to ₹ 100 Lacs.  |
| November 2, 1964                            | Increase in the authorised share capital of the Company from ₹ 100 Lacs to ₹ 200 Lacs.   |
| November 29, 1969                           | Increase in the authorised share capital of the Company from ₹ 200 Lacs to ₹ 250 Lacs.   |
| January 31, 1977                            | Increase in the authorised share capital of the Company from ₹ 250 Lacs to ₹ 265 Lacs  |
| March 9, 1988                               | The name of our Company was changed from Kalyanpur Lime & Cement Works Limited to Kalyanpur Cements Limited and a fresh certificate of incorporation to this effect was issued by the Registrar of Companies, West Bengal  |
| December 26, 1989                           | Increase in the authorised share capital of the Company from ₹ 265 Lacs to ₹ 915 Lacs  |
| September 29, 1992                          | Increase in the authorised share capital of the Company from ₹ 915 Lacs to ₹ 1800 Lacs.  |
| June 17, 1994                               | Increase in the authorised share capital of the Company from ₹ 1800 Lacs to ₹ 3500 Lacs.   |
| June 12, 1995                               | Increase in the authorised share capital of the Company from ₹ 3500 Lacs to ₹ 5670 Lacs.   |
| May 21, 1998                                | Increase in the authorised share capital of the Company from ₹ 5670 Lacs to ₹ 9670 Lacs.   |
| June 14, 2007                               | Amendment to Clause V of the MoA by substituting the existing authorized capital of the Company from ₹ 9670 Lacs divided into 4,00,00,000 Equity Shares of ₹ 10 each, 1,70,000 15% Cumulative Redeemable Preference Shares of ₹ 100 each, 10,00,000 15% Non- Cumulative Redeemable Preference Shares of ₹ 100 each, 5,00,000 Redeemable Preference Shares of ₹ 100 each and 40,00,000 13% Cumulative Redeemable Preference |

| Date of Amendment / Shareholders Resolution | Amendment   |
|---|---|
|   | Shares of ₹ 100 each to ₹ 9670 Lacs divided into 7,00,00,000 Equity Shares of ₹ 10 each, 44,11,766 0.1% Cumulative Redeemable Preference Shares of ₹ 15 each and 2,00,82,351 Unclassified Preference Shares of ₹ 10 each. |

### Our Subsidiaries

Our Company does not have any subsidiary as on the date of this Draft Letter of Offer.

### Our Joint Ventures

We currently do not have any joint ventures.

### Strategic and Financial Partners

We currently do not have any strategic or financial partners.

### Material Agreements

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of the business carried out on or intended to be carried on by us or a contract entered into more than two years before the filing of the Draft Letter of Offer.

#### 1. Loan Agreement with VCPL

*General:* Our Company entered into a Loan Agreement dated January 16, 2006 with Vivid Colors Private Limited (“VCPL”).

*Scope:* Our Company entered into a Loan Agreement with VCPL to take on loan from the said VCPL, a sum of Rs. 650 Lacs at the rate of 20% per annum with monthly rests payable in advance. Mr. Mahendra Gumanmal Lodha was appointed as a non-executive director of our Company pursuant to the said Loan Agreement as a nominee of VCPL. The said Loan was repayable on or before 31<sup>st</sup> December 2008 with an option to renew the said Loan for a maximum of further three years. Further, the BIFR vide its Order dated February 03, 2012 has sanctioned the scheme for the rehabilitation of our Company whereby the rate of interest has been reduced to 9% per annum and the said Loan has been made repayable in the financial year 2016-17.

#### 2. Shareholders Agreement with Vivid Colors Private Limited

*General:* Our Promoters have entered into an agreement dated January 27, 2006 with Vivid Colors Private Limited (“VCPL”) to secure financial assistance for our Company. Our Company signed the said Agreement as a confirming party.

*Scope:* In order to strengthen the Company’s working capital and to meet part of the essential capital requirements under the approved Restructuring Scheme, VCPL, being the strategic investor agreed to subscribe 85 Lacs equity shares of ₹ 10 each of our Company at par aggregating to ₹ 850 lacs representing 40% of total equity share capital subject to approval of scheme of compromise under section 391 of the Companies Act, 1956 and after writing down of equity under the said scheme, as well as provide Priority Loan of ₹ 650 lacs on terms specified in the agreement.

VCPL shall have right to appoint upto two directors, provided they hold 10% or more of the Equity capital of our Company at any point of time. VCPL shall issue a Power of Attorney in favour of Promoters for exercising the management rights of the Company in respect of the equity shares held by them. It was also agreed between the parties that notwithstanding anything contained in the Agreement and irrespective of the shareholding of VCPL and the Promoters in the Company during the currency of the Agreement. Sinhas shall continue to be the promoters of the Company with full management rights as VCPL intends to remain associated with the Company only as Investor.

### **3. Memorandum of Understanding with IFCI Limited**

*General:* Our Company entered into a Memorandum of Understanding (“MOU”) dated June 28, 2012 with IFCI Limited and Vivid Colors Private Limited (“VCPL”) to secure financial assistance for our Company.

*Scope:* In order to enable our Company to fulfill its obligations under the BIFR Order, our Company along with VCPL, the strategic investor, approached IFCI for providing finances of ₹ 2565 Lacs to settle the dues of ARCIL and the MOU was entered between the parties. Pursuant to the said MOU dated June 28, 2012, the amount of ₹ 2565 Lacs has since been paid by IFCI to ARCIL to settle the dues of our Company.

*Consideration:* In consideration for the repayment to ARCIL,

- (d) The Company and VCPL have deposited an amount of ₹ 1,000 Lacs with IFCI as Margin Money Deposit (MMD).
- (e) VCPL has entered into a Debenture Sale Agreement with IFCI for sale of 1,10,031 Non-Convertible Debentures (NCDs) of ₹ 11,003 Lacs of our Company (secured by way of first *pari passu* charge on mortgage of properties of our Company) with an option to buy back these NCDs.
- (f) VCPL has entered into a Share Pledge Agreement with IFCI for pledging its 55,25,000 nos. of equity shares with IFCI.

Our Company/ VCPL have ensured a return @ 24% on the net amount invested by IFCI, that is, on ₹ 1565 Lacs (total consideration amount less amount of MMD deposited by VCPL). The interest/return @ 18% will be paid on quarterly basis and the balance 6% will be paid at the time of buy back of debentures and final settlement of the account. The arrangement will be for a minimum period of 6 months and maximum period of 12 months from the date of signing the MOU.

### **4. Debenture Sale Agreement with VCPL and IFCI**

*General:* Vivid Colors Private Limited (“VCPL”), our Company and IFCI Limited entered into a Debenture Sale Agreement dated June 28, 2012 for sale of secured Non-Convertible Debentures of our Company held by VCPL.

*Scope:* Pursuant to the MOU dated June 28, 2012, VCPL entered into a Debenture Sale Agreement with IFCI for sale of 1,10,031 Non-Convertible Debentures (NCDs) of ₹ 11003 Lacs of our Company held by VCPL (secured by way of first *pari passu* charge on mortgage of properties of our Company) with an option to buy back these NCDs after 6 months and upto 12 months from the date of the MOU. Therefore, all rights, interests, entitlements and benefits under the said Debentures were assigned in favour of IFCI.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of the Company. The Company has no formal dividend policy. The Board may also from time to time pay interim dividends. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter into from time to time.

The dividends declared by the Company during the last five fiscal years have been presented below:

### 1. Equity Shares:

| Particulars                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Face value per Equity Share (₹) | 10          | 10          | 10          | 10          | 10          |
| Dividend Paid (₹ in lacs)       | --          | --          | --          | --          | --          |
| Rate of Dividend (%)            | --          | --          | --          | --          | --          |

### 2. Preference Shares:

| Particulars                         | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Face value per Preference Share (₹) | 15          | 15          | 15          | 15          | 15          |
| Dividend Paid (₹ in lacs)           | --          | --          | --          | --          | --          |
| Rate of Dividend (%)                | --          | --          | --          | --          | --          |

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.

## OUR MANAGEMENT

The Articles of Association provide that the Board shall comprise a minimum of three directors (“Directors”) and a maximum of 15 Directors. As on the date of this Draft Letter of Offer, we have 8 Directors, of whom four are independent Directors, in accordance with the requirements of Listing Agreements.

The details of the board of directors of the company are given below:

| Sl. No. | Name, Designation, Category, Father's Name, Address, DIN & Occupation, Term of Appointment   | Age | Date of Appointment | Other Directorship (Public & Private Ltd.)  |
|---------|--|-----|---------------------|---|
| 1.      | <p><b>Mr. Satyadeva Prakash Sinha</b></p> <p>S/o Late Mr. Chandradeva Prakash Sinha</p> <p><b>Address:</b> 1, Arrah Gardens, Sheikhpura, Bailey Road, B.V. College, Patna, 800014, Bihar, India</p> <p><b>Designation:</b> Executive Chairman</p> <p><b>DIN:</b> 00089529</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Term:</b> Appointed for a period of three years with effect from 23<sup>rd</sup> February 2010</p> | 72  | 23.02.2007          | -Nil-   |
| 2.      | <p><b>Mr. Shailendra Prakash Sinha</b></p> <p>S/o Late Mr. Chandradeva Prakash Sinha</p> <p><b>Address:</b> 2, Arrah Gardens, Sheikhpura, Bailey Road, B.V. College, Patna, 800014, Bihar, India</p> <p><b>Designation:</b> Managing Director</p> <p><b>DIN:</b> 00089604</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Term:</b> Appointed for a period of three years with effect from 23<sup>rd</sup> February 2010</p> | 61  | 23.02.2007          | 1. Differential Technologies Ltd<br>2. Canterbury Result Pvt. Ltd.<br>3. Bihar State Tourism Development Corporation Ltd<br>4. Bihar Industries Association |
| 3.      | <p><b>Mr. Anant Prakash Sinha</b></p> <p>S/o Satyadeva Prakash Sinha</p> <p><b>Address:</b> 1, Arrah Gardens, Sheikhpura, Bailey Road, B.V. College, Patna, 800014, Bihar, India</p> <p><b>Designation:</b> Joint Managing Director</p> <p><b>DIN:</b> 00089643</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Term:</b> Appointed for a period of three years with effect from 23<sup>rd</sup> February 2010</p>           | 45  | 23.02.2007          | 1. Differential Technologies Ltd<br>2. Canterbury Result Pvt. Ltd.<br>3. Svasara Resorts Pvt. Ltd   |

|    |  |    |            |  |
|----|--|----|------------|--|
| 4. | <p><b>Mr. Deb Narayan Bhandari</b></p> <p>S/oLate P. N. Bhandari</p> <p><b>Address:</b>Shubham, Palm Springs,<br/>Anandwali,G.Rd., Nashik, 422005,<br/>Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>DIN:</b>00926572</p> <p><b>Occupation:</b> Retired as Cement<br/>Technologist</p> <p><b>Term:</b> To retire by rotation</p>  | 77 | 06.07.2002 | -Nil-  |
| 5. | <p><b>Mr. B. C. Srivastava</b></p> <p>S/o Late Suresh Chandra Srivastav</p> <p><b>Address:</b> 23,Mangaldeep Apartment,<br/>Patliputra Colony, Patna, 800013, Bihar,<br/>India</p> <p><b>Designation:</b> Independent Director</p> <p><b>DIN:</b> 00929674</p> <p><b>Occupation:</b> Technical Consultant</p> <p><b>Term:</b> To retire by rotation</p>  | 67 | 06.07.2002 | <p>1. Eclat Industries Ltd</p> <p>2. Sampoorna General Insurance<br/>Solutions Pvt. Ltd.</p> <p>3. Jenson &amp; Nicholson (India) Ltd.</p>   |
| 6. | <p><b>Dr. Kailash Chandra Varshney</b></p> <p>S/o Mr. Phool Chand Gupta</p> <p><b>Address:</b>E-55 Masjid Moth, Greater<br/>Kailash - III, New Delhi, 110048, Delhi,<br/>India</p> <p><b>Designation:</b> Independent Director</p> <p><b>DIN:</b>00012180</p> <p><b>Occupation:</b> Retired as ED of IDBI</p> <p><b>Term :</b>To retire by rotation</p>  | 74 | 23.02.2007 | <p>1. CheemaSpintex Ltd</p> <p>2. Bollywood Com Porta Pvt. Ltd</p> <p>3. Jasch Industries Ltd.</p>   |
| 7. | <p><b>Mr. Mahendra Gumanmal Lodha</b></p> <p>S/o Late Mr. Gumanmal Himmatmal Lodha</p> <p><b>Address:</b>85, Sunrise Park, Drive-in Road,<br/>Thaltej, Ahmedabad, 380054, Gujarat,<br/>India</p> <p><b>Designation:</b> Non-Executive &amp; Non-<br/>Independent Director</p> <p><b>DIN:</b>00012920</p> <p><b>Occupation:</b> Chartered Accountant &amp;<br/>Financial Consultant</p> <p><b>Term:</b> To retire by rotation</p> | 56 | 23.02.2007 | <p>1. AmfinFinser (India) Pvt. Ltd.</p> <p>2. DishaInfin Consultants Pvt. Ltd.</p> <p>3. Tulip Star Hotels Ltd.</p> <p>4. Rama Petrochemicals Ltd.</p> <p>5. Amazon Textiles Pvt. Ltd.</p> <p>6. Nitrex logistics Pvt. Ltd.</p> <p>7. Rajdhani Textiles Pvt. Ltd.</p> <p>8. Rasna processors Pvt. Ltd.</p> <p>9. Rainbow Denim Ltd.</p> <p>10. SteelcoGujarat Ltd.</p> <p>11. DishaInfinAdvisor Pvt. Ltd.</p> <p>12. Arvind Products Ltd.</p> <p>13. Sirius Financial Services Pvt.<br/>Ltd.</p> |

14. NitrexChemicals India Ltd.
15. Elate Investment and Holdings Pvt. Ltd.
16. MetrochemIndustries Ltd.
17. Radiant Life Care Pvt. Ltd.
18. Pinal Infrastructure Pvt. Ltd.
19. AmulExim Ltd.
20. Parixit industries Ltd.

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|---|----|------------|---|
| 8. <b>Mr. Ashok Kumar Mallick</b><br>S/o Shri Hari Narayan Mallick<br><b>Address:</b> Gola Road, Ramjaipal Nagar,<br>West Bailey Road, Danapur, Patna-801 503<br><b>Designation:</b> Independent Director<br>(Nominee of Govt. of Bihar)<br><b>DIN:</b> 05286179<br><b>Occupation:</b> Director – Technical<br>Development – Govt. of Bihar<br><b>Term:</b> To retire by rotation | 58 | 03.08.2012 | 1. Bihar State Credit & Investment Corporation Limited. |
|---|----|------------|---|

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#### **Brief profile of the Directors**

**Mr. Satyadeva Prakash Sinha** is our Executive Chairman. He is a graduate in Economics from the London School of Economics and has over 50 years of industrial experience, particularly in the field of Cement, Paints, Industrial Electronics and Hospitality. He is the head of the Sinha Group since 1966. He has been involved in various expansion, diversification and acquisition of new businesses of Sinha Group of Companies.

**Mr. Shailendra Prakash Sinha** is the Managing Director of our Company. He is a graduate in Commerce and holds a certificate in hotel management from Cornell University, New York and has also undergone Senior Executive programme from Stanford University, USA. He is having more than 40 years of managerial experience as Co- Promoter of Sinha Group of Companies. At present besides being the Managing Director of Kalyanpur Cements Ltd., he is also on the Board of various other companies. He is also actively involved in different Business bodies like Bihar Industries Association, Confederation of Indian Industries etc. Currently he is Chairman of Bihar Council of Confederation of Indian Industries.

**Mr. Anant Prakash Sinha** is the Joint Managing Director of our Company. He is a qualified Engineering graduate with a Masters in Management from J. L. Kellogg Graduate School of Management, USA. Before joining his family business in India, he has gained experience of working in Canada & Switzerland. He is associated with Kalyanpur Cements Ltd. for last 15 years and has over 20 years of experience.

**Mr. Deb Narayan Bhandari** is an Independent Director of our Company. He is a Science Graduate from Calcutta University. He has over 40 years of experience of working with the Company till 1999 and has held various positions including as the head of Plant in the capacity of Technical Director. He specializes in Cement Manufacturing Technology.

**Mr. B.C. Srivastava** is an Independent Director of our Company. He is a Metallurgical Engineer. He worked in various capacities in Steel Authority of India Ltd., Rourkela Steel Plant. He also worked as Sr. Consulting Engineer / Technical Director in a reputed consulting Company, M/s. M.N. Dastur & Co. Ltd., Kolkata posted in Libya. Mr. Srivastava worked as Managing Director, BITCO, Patna and Executive Director, MSL India Ltd. Presently he is an Industrial and Management Consultant. He is on the Board of M/s. Eclat Industries Ltd., Jenson & Nicholson (India) Ltd. and Sampurna General Insurance Solutions Pvt. Ltd. besides being on the Board and the committees of the Board of Directors of our Company.

**Dr. Kailash Chandra Varshney** is an Independent Director of our Company. He is a Chemical Engineer and a Doctorate in Chemical Engineering. He has served Industrial Development Bank of India (IDBI) at various positions and has long experience in development finance. He retired as Executive Director, IDBI. He is also associated as Director of several companies like Cheema Spintex Ltd., Jasch Industries Ltd., etc. besides serving on the committees of the Board of Director of the above companies.

**Mr. Mahendra Gumanmal Lodha** is a Non-Executive & Non-Independent Director of our Company. He is a practicing Chartered Accountant based at Ahmedabad. 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. Mr. Lodha is on the Board of several companies like Steelco Gujarat Ltd., Arvind Products Ltd., Nitrex Chemicals India Ltd., etc. Besides being on the Board of the companies, Mr. Lodha is also associated as Member/Chairman of various committees of the Board of those companies. Mr. Lodha has been appointed as a nominee director on the Board of our Company pursuant to the Loan Agreement dated January 16, 2006 between our Company and Vivid Colors Private Limited, Strategic Investor.

**Mr. Ashok Kumar Mallick**, is an Independent Director of our Company. He is a Science Graduate from L. N. Mithila University besides being a Law Graduate from Patna University. He is the Director Technical Development, Govt. of Bihar and he has been nominated on the Company's Board by the Govt. of Bihar. He is an officer of Bihar Administrative Services since 1980. He has about 32 years of experience in the administration of different departments of State Government and has held various positions in the state Government like Additional Director, Industry Department, Joint Secretary, Sugarcane and Joint Secretary, Bihar State Electricity Board. He is the Managing Director of Bihar State Credit & Investment Corporation Limited

#### Nature of family relationships between the directors of the Company:

All our Directors are Indian residents. Further, Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha are full blood brothers. Mr. Anant Prakash Sinha is the son of Mr. Satyadeva Prakash Sinha.

None of our Directors is or was a director on any other listed companies during the last five years preceding the date of filing of the Draft Letter of Offer and until date, whose shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such companies. Further, none of our Directors is or was a director on any listed companies which have been or were delisted from any stock exchange, during the term of their directorship in such companies

#### Compensation of our Directors

In Fiscal 2012, our Company paid compensation to our Directors as follows:

| Name of Directors    |         | Term  | Compensation   | Remuneration paid in Fiscal 2012 (₹ in Lacs) |
|----------------------|---------|---|--|--|
| Satyadeva Sinha      | Prakash | Appointed for a period of three years with effect from 23 <sup>rd</sup> February 2010 | See “–Terms and conditions of employment of our executive directors” below | 55.34  |
| Shailendra Sinha     | Prakash | Appointed for a period of three years with effect from 23 <sup>rd</sup> February 2010 | See “–Terms and conditions of employment of our executive directors” below | 55.92  |
| Anant Prakash Sinha  |         | Appointed for a period of three years with effect from 23 <sup>rd</sup> February 2010 | See “–Terms and conditions of employment of our executive directors” below | 51.31  |
| Deb Narayan Bhandari |         | LIABLE to retire by rotation  | Sitting fees   | 0.45   |
| Bijay                | Chandra | LIABLE to retire by rotation  | Sitting fees   | 0.45   |

| Name of Directors         | Term                                 | Compensation                           | Remuneration paid in Fiscal 2012 (₹ in Lacs) |
|---------------------------|--------------------------------------|--|--|
| Srivastava                | rotation                             |  |  |
| Kailash Varshney          | Chandra Liable to retire by rotation | Sitting fees                           | 0.45   |
| Mahendra Gumanmalji Lodha | Liable to retire by rotation         | Sitting fees                           | 0.10   |
| Ashok Kr Mallick          | Liable to retire by rotation         | No Sitting Fees as State Govt. Nominee | --   |

### Terms and conditions of employment of our executive directors

#### Mr. Satyadeva Prakash Sinha

Mr. Satyadeva Prakash Sinha was appointed as a Wholetime Director, designated as Executive Chairman of the Company with effect from February 23, 2007 and thereafter re-appointed in the same capacity with effect from February 23, 2010 for a period of three years as approved by the Remuneration Committee and the Board of Directors at their meetings held on January 30, 2010 and by the shareholders of the Company at the EGM held on March 8, 2010. The terms of employment and remuneration of Mr. Satyadeva Prakash Sinha pursuant to an agreement dated February 8, 2010, include the following:

|                     |   |
|---------------------|---|
| <b>Gross Salary</b> | ₹ 2,50,000 per month with annual increment to be decided by the Remuneration Committee not exceeding ₹ 60,000 per month in a year.  |
| <b>Perquisites</b>  | <ul style="list-style-type: none"> <li>• Free residential accommodation or HRA not exceeding 60% of basic salary</li> <li>• Reimbursement of medical expenses for self and family as per Company's Rules within the overall ceiling of one month salary per annum</li> <li>• Club membership subject to maximum of two clubs</li> <li>• Car with a driver for official use</li> </ul> |
| <b>Other terms</b>  | <ul style="list-style-type: none"> <li>• 30 days privileged leave, 15 days casual leave and 15 sick leave for any completed year of service</li> <li>• Two telephones at the residential office and one cell phone</li> </ul>   |

#### Mr. Shailendra Prakash Sinha

Mr. Shailendra Prakash Sinha was appointed as Managing Director of the Company with effect from February 23, 2007 and thereafter re-appointed in the same capacity with effect from February 23, 2010 for a period of three years as approved by the Remuneration Committee and the Board of Directors at their meetings held on January 30, 2010 and by the shareholders of the Company at the EGM held on March 8, 2010. The terms of employment and remuneration of Mr. Shailendra Prakash Sinha pursuant to an agreement dated February 8, 2010, include the following:

|                     |   |
|---------------------|---|
| <b>Gross Salary</b> | ₹ 2,40,000 per month with annual increment to be decided by the Remuneration Committee not exceeding ₹ 60,000 per month in a year.  |
| <b>Perquisites</b>  | <ul style="list-style-type: none"> <li>• Free residential accommodation or HRA not exceeding 60% of basic salary</li> <li>• Reimbursement of medical expenses for self and family as per Company's Rules within the overall ceiling of one month salary per annum</li> <li>• Club membership subject to maximum of two clubs</li> <li>• Car with a driver for official use</li> </ul> |
| <b>Other terms</b>  | <ul style="list-style-type: none"> <li>• Gratuity: not exceeding half a month's salary for each completed year of service</li> <li>• Provident Fund @ 12% of the basic salary</li> <li>• 30 days privileged leave, 15 days casual leave and 15 sick leave for any completed year of service</li> <li>• Two telephones at the residential office and one cell phone</li> </ul>         |

### Mr. Anant Prakash Sinha

Mr. Anant Prakash Sinha was appointed as Joint Managing Director of the Company with effect from February 23, 2007 and thereafter re-appointed in the same capacity with effect from February 23, 2010 for a period of three years as approved by the Remuneration Committee and the Board of Directors at their meetings held on January 30, 2010 and by the shareholders of the Company at the EGM held on March 8, 2010. The terms of employment and remuneration of Mr. Anant Prakash Sinha pursuant to an agreement dated February 8, 2010, include the following:

|                     |   |
|---------------------|---|
| <b>Gross Salary</b> | ₹ 2,15,000 per month with annual increment to be decided by the Remuneration Committee not exceeding ₹ 60,000 per month in a year.  |
| <b>Perquisites</b>  | <ul style="list-style-type: none"> <li>• Free residential accommodation or HRA not exceeding 60% of basic salary</li> <li>• Reimbursement of medical expenses for self and family as per Company's Rules within the overall ceiling of one month salary per annum</li> <li>• Club membership subject to maximum of two clubs</li> <li>• Car with a driver for official use</li> </ul> |
| <b>Other terms</b>  | <ul style="list-style-type: none"> <li>• Gratuity: not exceeding half a month's salary for each completed year of service</li> <li>• Provident Fund @ 12% of the basic salary</li> <li>• 30 days privileged leave, 15 days casual leave and 15 sick leave for any completed year of service</li> <li>• Two telephones at the residential office and one cell phone</li> </ul>         |

### Non-Executive Directors

The non-executive Directors are entitled to sitting fees of ₹ 5,000 for each Board meeting or the meeting of Audit Committee and Remuneration Committee. No sitting fee is paid for attending meetings of Share Transfer and Shareholder's Grievance Redressal Committee or any other Committee. The Nominee of the State Govt. is not paid any sitting fee for attending the meetings of the Board of Directors of the Company as he is in the wholetime employment of the State Govt.

### Borrowing Powers of the Board in our Company

Pursuant to a resolution passed by our shareholders on September 27, 1991 and in accordance with the provisions of the Companies Act, 1956 as well as our Articles of Association, our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company shall not exceed, at any time, a sum of ₹ 200 Crores.

### Corporate Governance

As a listed company we are in compliance with the applicable provisions of the Listing Agreement pertaining to corporate governance, including appointment of independent Directors and constitution of committees. Corporate governance is administered through our Board and the committees of the Board. In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, our Board has constituted Audit Committee and Shareholders/Investor's Grievance Committee. Further, our Board has also constituted a Remuneration Committee.

### Committees of the Board

At present, there are four committees constituted by the Board – the Audit Committee, the Remuneration Committee, Share Transfer and Shareholders' Grievance Redressal Committee and the Capital raising Committee. The Board at the time of constitution of each committee fixes the terms of reference for each committee and also delegates powers from time to time. The Board of Directors is committed in its responsibility for all the constituents including investors, regulatory authorities and employees. The Company believes that the essence of corporate governance is transparency, accountability, investor protection, better compliance with statutory laws and regulations, value creation for shareholders / stakeholders.

**Audit Committee**

We had through a resolution of the Board dated 29<sup>th</sup> April, 2000 constituted an Audit Committee as required under Kumar Mangalam Birla Committee Report on Corporate Governance leading to insertion of Clause 49 of the Equity Listing Agreement with the Stock Exchanges.

Presently the following directors constitute the Audit Committee:

| <b>Sr. No.</b> | <b>Name of the Director</b> | <b>Category</b>                 | <b>Designation</b> |
|----------------|-----------------------------|---------------------------------|--------------------|
| 1.             | Mr. D.N. Bhandari           | Non-Executive Independent       | Chairman           |
| 2.             | Dr. K.C. Varshney           | Non-Executive Independent       | Member             |
| 3.             | Mr. Mahendra Lodha          | Non-Executive & Non-Independent | Member             |
| 4.             | Mr. B.C. Srivastava         | Non-Executive Independent       | Member             |

Mr. P. K. Chaubey, the President (Finance) & Company Secretary, assists the committee in the proceedings.

The terms of reference of the Audit Committee are broadly as follows:

- a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending appointment and removal of auditors, fixation of audit fee, approval of payment to statutory auditors for any other services rendered by them.
- c) Reviewing with the management the annual and quarterly financial statements before submission to the board for approval with a focus on matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956, accounting policies and any changes therein, major accounting entries involving estimates based on the exercise of judgement by management, qualifications in draft audit report, significant adjustments arising out of audit, going concern assumptions, compliance with accounting standards, legal compliance and compliance with listing agreement, related party transactions, adequacy of internal audit function including staff structure and seniority of the Officers, reporting structure, coverage and frequency of internal audit, performance of Statutory and Internal Auditors as well as adequacy of Internal Control Systems.
- d) Reviewing, with the Management, the statement of uses/application of funds raised through any kind of issue of share capital, the statement of funds utilized for purposes other than those stated in the offer document /prospectus/notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendation to the Board to take steps in this matter.
- e) Discussion with the Internal Auditors, any significant findings and follow up thereon.
- f) Reviewing the findings of any internal investigation by the Internal Auditors into matters involving suspected fraud or irregularity or failure of internal control system of a material nature.
- g) Discussion with statutory auditors on the nature and scope of audit and post audit discussion to ascertain area of concern.
- h) Reviewing the company's financial and risk management policies and the reasons for defaults, if any, in payments to depositors, debenture holders, shareholders and creditors.
- i) Approval of appointment of CFO after assessing the Qualification, experience and background of the candidate.
- j) To carry out any other function as required in discharge of the duties mentioned in the above mentioned Terms of Reference of Audit Committee.

- k) To look into the reasons of substantial defaults in the payment to the depositors, debenture holders and creditors.

The audit committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

The scope of Audit Committee shall be:

- 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.

Chairman of the Audit Committee shall attend the annual general meetings of the Company to provide any clarifications on matters relating to audit as may be required by the members of the Company.

There were 4 audit committee meetings held during the financial year 2011-12. These meetings were held on May 20, 2011, July 29, 2011, October 21, 2011 and February 3, 2012.

#### **Share Transfer and Shareholder's Grievance Redressal Committee**

The following directors of the Company constitute the Share Transfer and Shareholder's Grievance Redressal Committee:

| <b>Sr. No.</b> | <b>Name of the Director</b>  | <b>Category</b>           | <b>Designation</b> |
|----------------|------------------------------|---------------------------|--------------------|
| 1.             | Mr. D.N. Bhandari            | Non-Executive Independent | Chairman           |
| 2.             | Mr. Satyadeva Prakash Sinha  | Executive Director        | Member             |
| 3.             | Mr. Shailendra Prakash Sinha | Executive Director        | Member             |

Share Transfer and Shareholder's Grievance Redressal Committee shall have the power to approve transfer of shares as and when the requests for transfer are received with requisite documents, to make decisions relating to redressal of Shareholders' grievances and look into the problems, grievances and complaints of shareholders and resolve the same within legal and regulatory framework:

#### **Remuneration Committee**

The following non-executive directors of the Company constitute the Remuneration Committee:

| <b>Sr. No.</b> | <b>Name of the Director</b> | <b>Category</b>           | <b>Designation</b> |
|----------------|-----------------------------|---------------------------|--------------------|
| 1.             | Dr. K.C. Varshney           | Non-Executive Independent | Chairman           |
| 2.             | Mr. D.N. Bhandari           | Non-Executive Independent | Member             |
| 3.             | Mr. B.C. Srivastava         | Non-Executive Independent | Member             |

The terms of reference of the reconstituted Remuneration Committee are as follows:

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

- 5) To keep in view while deciding upon remuneration payable to the Managing Director/Wholetime Director/Executive Directors/Manager, the complexities of the business of the company, problems faced by it and efforts made to resolve the same.

**Capital Raising Committee**

Our Capital Raising Committee was constituted by the Board of Directors vide their resolution dated February 3, 2012. Currently, our Capital Raising Committee comprises the following members:

| Sr. No. | Name of the Director    | Category                        | Designation |
|---------|-------------------------|---------------------------------|-------------|
| 1.      | Mr. Shailendra P. Sinha | Managing Director               | Member      |
| 2.      | Mr. Anant P. Sinha      | Joint Managing Director         | Member      |
| 3.      | Mr. Mahendra Lodha      | Non-Executive & Non Independent | Member      |
| 4.      | Mr. B.C. Srivastava     | Non-Executive Independent       | Member      |

The Capital Raising Committee was constituted to consider various issues relating to raising of share capital.

Our Articles do not require our Directors to hold any qualification shares.

**Shareholding of our Director(s) in our Company:**

| Name of Director  | Number of shares held | % age of Holding |
|-------------------|-----------------------|------------------|
| Mr. D.N. Bhandari | 176*                  | Negligible       |

*\* Shares allotted on consolidation of fractional entitlements of Shareholders in terms of the Scheme of Compromise approved by the Hon'ble Calcutta High Court vide Order dated November 21, 2006.*

**Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others**

As on the date of this Draft Letter of Offer, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors were selected as director or member of senior management except Mr. Mahendra Gumanmal Lodha who is appointed pursuant to the Loan Agreement dated January 16, 2006 between our Company and Vivid Colors Private Limited, Strategic Investor.

**Interest of Promoters/ Directors**

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and its committees and reimbursement of expenses. All the directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and /or by their friends /relatives in the Company that may be subscribed for or allotted to them in the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. All the directors may also be deemed to be interested to the extent of normal transactions, if any, with the Company. The Directors may also be regarded as interested in the equity shares, if any, held or that may be allotted to the companies, firms and trust in which they are interested as directors, members, partners and or trustees.

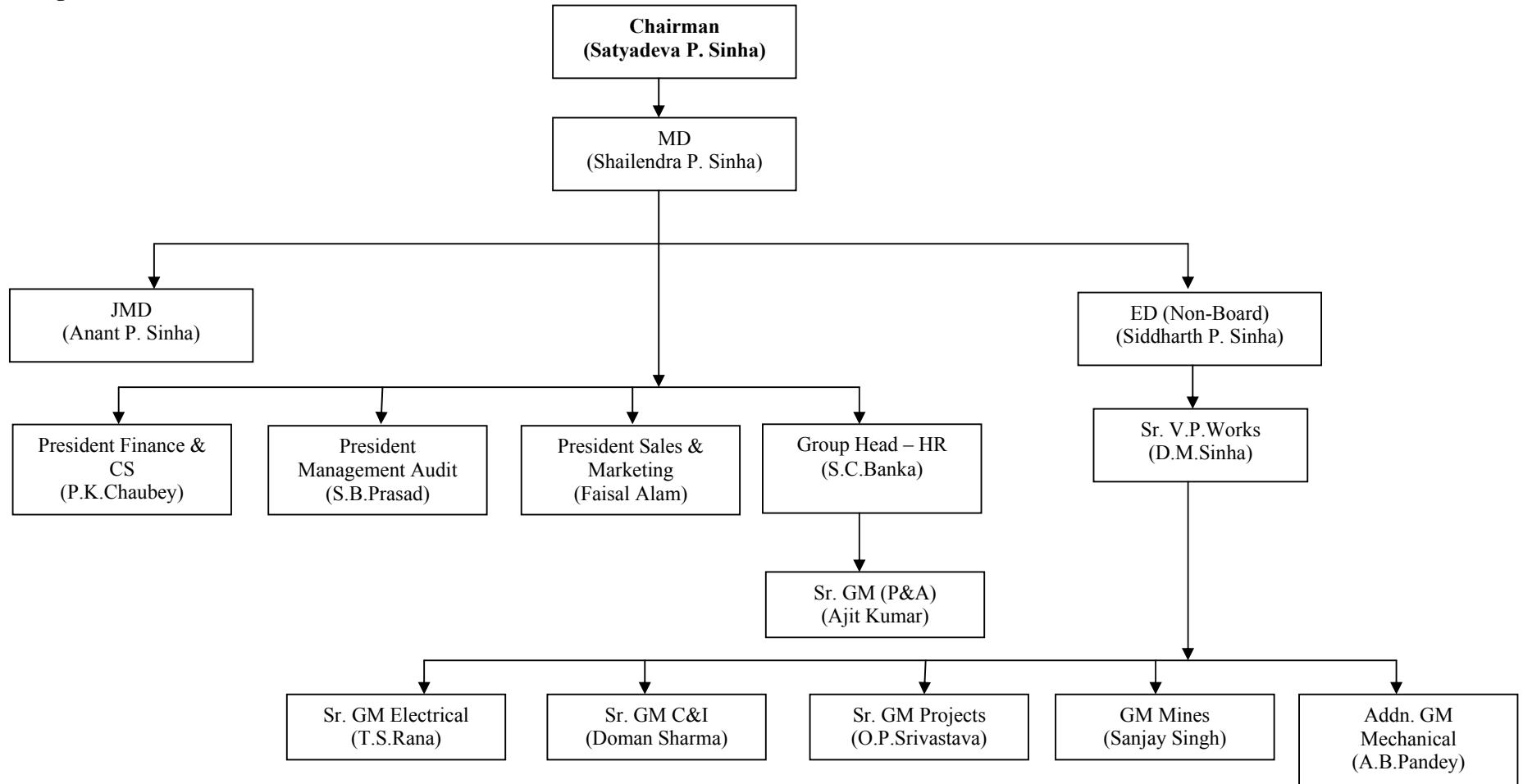
None of our Directors has any interest in any property acquired or proposed to be acquired by our Company in the last two years. Our Directors do not have any interest in any Objects of the Issue for which the Issue proceeds are proposed to be utilised.

**Changes in our Board of Directors during the last three years**

The changes in our Board of Directors in the three years preceding the date of this Draft Red Herring Prospectus, are as follows:

| <b>Name</b>                                  | <b>Date of Joining/Appointment/<br/>Re-appointment</b> | <b>Date of Cessation</b> | <b>Reason</b>  |
|--|--|--------------------------|--|
| Mr. Kunjithapatham Pillai<br>Balasubramanian | October 10, 2009                                       | May 25, 2012             | Resignation  |
| Mr. Arun Vishnu Sharma                       | October 27, 2007                                       | May 25, 2012             | Withdrawal of<br>nomination by ARCIL                 |
| Mr. Mahesh Prasad                            | May 13, 1998   | July 29, 2011            | Withdrawal of<br>nomination by the Govt.<br>of Bihar |
| Mr. Bimla Nand Jha                           | July 29, 2011  | August 3, 2012           | Withdrawal of<br>nomination by the Govt.<br>of Bihar |
| Mr. Ashok Kumar Mallick                      | August 3, 2012   | --                       | Appointment as<br>Nominee of Govt. of<br>Bihar       |
| Mr. Dhananjay Mahendra<br>Lodha              | January 30, 2010                                       | September 18, 2012       | Resignation  |
| Mr. Mahendra Gumanmal<br>Lodha               | February 23, 2007                                      | September 21, 2012       | Change in designation                                |

Organisation Structure



## **Key Managerial Personnel**

**Mr. Siddharth Prakash Sinha**, aged 37 years, is the Executive Director (non-board) of our Company. Mr. Sinha is a B.S. (Engineering) in Applied and Engineering Physics from Cornell University USA and an MBA from INSEAD. He has approximately 13 years of experience in the field of Product Design & Marketing and Cement Company Management. He is responsible for handling day to day operations of our Company. Prior to joining our Company in November 2006, he was working with Ittiam Systems Pvt Ltd. The remuneration paid to Mr. Sinha for Fiscal 2012 was ₹ 41.40 Lacs.

**Mr. Shashi Bhushan Prasad**, aged 59 years, is the President – Management Audit of our Company. Mr. Prasad is an Associate Chartered Accountant with Diploma in Banking from MS University, Baroda. He has work experience of over 33 years in the field of Banking, Finance, Accounting and Audit. He is overall in-charge of designing and installing internal control, conduction management audit of our Company. Prior to joining our Company in September 1983, Mr Prasad was associated with Raghunath Rai & Company, Chartered Accountants, New Delhi. The remuneration paid to Mr. Prasad for Fiscal 2012 was ₹ 23.42 Lacs.

**Mr. Purushottam Kumar Chaubey**, aged 53 years, is the President Finance & Company Secretary of our Company. Mr. Chaubey is a qualified Company Secretary & Chartered Accountant. He has experience of over 30 years in various aspects related to corporate laws and finance. He is overall in-charge of Finance & Accounts, Budget Control, Secretarial and all related Statutory Compliance, Taxation etc. Prior to joining our Company in May 1997, he was associated with BHEL. The remuneration paid to Mr. Chaubey for Fiscal 2012 was ₹ 23.90 Lacs.

**Mr. Faisal Alam**, aged 45 years, is President Sales & Marketing of our Company. Mr. Alam is an Engineering Graduate from GB Pant University of Agriculture and Technology, Pantnagar with CFA & PGDBA Finance. He has an experience of over 18 years in the field of Projects, Design, Sales & Marketing. He is in overall in-charge of Sales & Marketing functions of our Company. Prior to joining our Company in June 1997, he was working with Kuwait Oil Company, Kuwait. The remuneration paid to Mr. Alam for Fiscal 2012 was ₹ 22.99 Lacs.

**Mr. Dharendra Mohan Sinha**, aged 61 years, is Senior Vice President – Works of our Company. Mr. Sinha is a Science Graduate from Magadh University and a Cement Technologist. He has work experience of over 38 yrs in the field of Quality Control, Production/Operations and Overall Management of Cement Manufacturing facility. He joined our Company in March 1974 and is currently in overall in-charge of Plant Operations of our Company. The remuneration paid to Mr. Sinha for Fiscal 2012 was ₹ 15.14 Lacs.

**Mr. Suresh Chandra Banka**, aged 62 years, is Group Head – HR of our Company. Mr. Banka is an Engineering Graduate from BIT, Sindri with a PG Diploma in Personnel Management and Industrial Relations from Punjabi University, Patiala. He has work experience of over 39 yrs in the field of HR, Training, Personnel and Administration. He is overall in-charge of all Human Resource, Personnel & Administrative functions of our Company. Prior to joining our Company in January 1993, he was associated with Fertilizer Corporation of India, New Delhi. The remuneration paid to Mr. Banka for Fiscal 2012 was ₹ 13.91 Lacs.

**Mr. Ajit Kumar**, aged 60 years, is the Sr. General Manager – Personnel & Administration of our Company. Mr. Kumar is having Masters Degree in Science from Patna University, Patna with Diploma in Sales & Marketing and Hotel Management. He is having work experience of over 38 yrs in the field of Hotel Management, Administration and liaison. Mr. Kumar is responsible for all Liaison activities including liaison with Statutory bodies on behalf of our Company. Prior to joining our Company in December 1983, he was working with Bihar Hotels Ltd., Patna. The remuneration paid to Mr. Kumar for Fiscal 2012 was ₹ 8.23 Lacs.

**Mr. Om Prakash Srivastava**, aged 63 years, is Sr. General Manager – Projects of our Company. Mr. Srivastava is an Engineering Graduate from HBTI, Kanpur. Mr. Srivastava is having experience of over 38 yrs in the field of Mechanical Workshop and Mechanical maintenance. He is looking after Projects of our Company related to plant modernization, expansion & up-gradation. Prior to joining our Company in January 1984, he was working with Rohtash Industries Ltd., Dalmia Nagar. The remuneration paid to Mr. Srivastava for Fiscal 2012 was ₹9.83 Lacs.

**Mr. Tej Singh Rana**, aged 51 years, is Sr. General Manager – Electricals of our Company. Mr. Rana is an Engineering graduate from Board of Technical Education, UP with specialisation in Energy Management. He is

having an experience of over 32 yrs in the field of Projects, Operation and Electrical Maintenance. Mr. Rana is in overall in-charge of Electrical Department of our Company. Prior to joining our Company in June 2009, he was working with Hill Cement Co. Ltd., Meghalaya. The remuneration paid to Mr. Rana for Fiscal 2012 was ₹10.18 Lacs.

**Mr. Doman Sharma**, aged 53 years, is Sr. General Manager – Control & Instrumentation of our Company. Mr. Sharma is an Associate member of The Institution of Electronics and Telecommunication Engineers. He has work experience of over 28 yrs in the field of Control and Instrumentation. Mr. Sharma is in overall in-charge of Control & Instrumentation Department of our Company. Prior to joining our Company in February 1989, he was working with Murphy India Ltd., New Delhi. The remuneration paid to Mr. Sharma for Fiscal 2012 was ₹9.82 Lacs.

**Mr. Awadh Bihari Pandey**, aged 47 years, is Additional General Manager- Mechanical of our Company. Mr. Pandey is an Engineering Graduate from Bangalore University. He has work experience of over 21 yrs in the field of Projects and Mechanical Maintenance. Mr. Pandey is in overall in-charge of Mechanical Department of our Company. He joined our Company in December 1991. The remuneration paid to Mr. Pandey for Fiscal 2012 was ₹ 5.63 Lacs.

**Mr. Sanjay Kumar Singh**, aged 42 years, is the General Manager- Mines of our Company. Mr. Singh is qualified 1<sup>st</sup> class Mines Manager with Diploma in Mining & Mines Surveying from Govt. Polytechnic, Shahdol (MP). He has work experience of over 22 years in the field of Lime Stone Mines/Quarry operations. Mr. Singh is in overall in-charge of Mining Operations of our Company. Prior to joining our Company in September 1995, he was working with Hindustan Copper Ltd., Balaghat. The remuneration paid to Mr. Singh for Fiscal 2012 was ₹ 5.98 Lacs.

All of our key managerial employees are permanent employees on the pay-roll of our Company and none of them are related to each other or to any Director of our Company except Mr. Siddharth Prakash Sinha who is the son of Mr. Shailendra Prakash Sinha, Managing Director. Further, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial persons were appointed.

#### **Shareholding of Key Managerial Personnel**

The following key managerial personnel hold Equity Shares as on the date of filing of the Draft Letter of Offer:

| <b>Name</b>                   | <b>Number of Equity Shares (Pre-Issue)</b> |
|-------------------------------|--|
| Mr. Shashi Bhushan Prasad     | 64   |
| Mr. Ajit Kumar                | 36   |
| Mr. Suresh Chandra Banka      | 15   |
| Mr. Purushottam Kumar Chaubey | 2  |

Except the above, none of our key managerial personnel hold any Equity Shares or options to acquire Equity Shares.

#### **Bonus or Profit Sharing Plan for our Key Managerial Personnel**

Our Company does not have any bonus or profit sharing plans for our key managerial personnel and the employees of our Company.

#### **Interest of Key Managerial Personnel**

The key managerial personnel have an interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per the terms of appointment, and reimbursement of expenses incurred by them in the ordinary course of business. Additionally, the key managerial persons have interest in our Company to the extent of their shareholding in our Company and to the extent of Equity Shares that may be Allotted to them and/or that may be Allotted to their relatives or companies, firms and trusts in which they are directors, members, partners or trustees, as the case may be, pursuant to this Issue. The key managerial persons may have further interest to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

We have not entered into any contract, agreement or arrangement during the preceding two years from the date of the Draft Letter of Offer in which our key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Changes in our Key Managerial Personnel of the Company during the last three years**

There are no changes in our key managerial personnel during the last three years.

**Employees Share Purchase Scheme/Employee Stock Option Scheme**

Our Company does not have any employee share purchase scheme or an employee stock option scheme.

**Payment of benefit to officers of our Company**

Except as disclosed in this Draft Letter of Offer and except the statutory benefits provided upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefits.

## **OUR PROMOTER AND GROUP COMPANIES**

### **Our Promoters**

The Promoters of our Company are Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Maurya Management Private Limited.

Our Promoters currently hold 11,25,342 Equity Shares of our Company, which constitutes 5.30 % of our pre-Issue paid-up equity share capital.

### **Details of our Promoters**

#### **Mr. Satyadeva Prakash Sinha**



Mr. Satyadeva Prakash Sinha, aged 72 years, is our Executive Chairman. He is a graduate in Economics from the London School of Economics and has over 50 years of industrial experience, particularly in the field of Cement, Paints, Industrial Electronics and Hospitality. He is the head of the Sinha Group since 1966. He has been involved in various expansion, diversification and acquisition of new businesses etc. as Promoter / Group Chairman of Sinha Group of Companies.

His voter's identification number is FSB6831853  
His driving license number is 537/83.

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#### **Mr. Shailendra Prakash Sinha**



Mr. Shailendra Prakash Sinha, aged 61 years, is our Managing Director. He is a graduate in Commerce and he holds a certificate in hotel management from the Cornell University, New York and he also has undergone senior Executive programme from Stanford University, USA. He has more than 40 years of managerial experience as Co- Promoter of Sinha Group of Companies with diversified Business interests e.g., Cement, Paints, Information Technology, Industrial Electronics, Engineering etc. He is also actively involved in different Business association like Bihar Industries Association, Confederation of Indian Industries etc. Currently he is Chairman of Bihar Council of Confederation of Indian Industries.

His voter's identification number is FSB3871365.  
His driving license number is 283/67

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We confirm that the PAN, bank account numbers and passport numbers of Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha, will be submitted to the Stock Exchanges, at the time of filing the Draft Letter of Offer with them.

### **Maurya Management Private Limited (“MMPL”)**

MMPL was incorporated on February 11, 1970 under the name and style of Prakash Investment Private Limited. Subsequently, the name of the company was changed to Maurya Management Private Limited and a fresh Certificate of Incorporation was issued by the Registrar of Companies on October 8, 1998. The registered office of MMPL is situated at Maurya Centre, 1, Fraser Road, Patna- 800 001, Bihar. Its corporate identification number is U08031BR1970PTC000855.

MMPL is engaged in the business of an investment company.

### *Shareholding Pattern*

The shareholding pattern of MMPL is as follows:

| Name of Shareholder     | No. of shares held | % of shares held |
|-------------------------|--------------------|------------------|
| Renuka Sinha            | 2,072,000          | 42.72            |
| Kanupriya Priyadarshini | 250,000            | 5.15             |
| Aditya Prakash Sinha    | 250,000            | 5.15             |
| Mayank PrakashSinha     | 250,000            | 5.15             |
| Mukta Sinha             | 1,428,000          | 29.44            |
| Siddharth PrakashSinha  | 200,000            | 4.12             |
| Tanuj Prakash Sinha     | 200,000            | 4.12             |
| Ratika Sinha            | 200,000            | 4.12             |
| <b>Total</b>            | <b>4,850,000</b>   | <b>100.00</b>    |

#### Board of Directors

The Board of Directors of MMPL consists of:

1. Mr. Purushottam Kumar Chaubey;
2. Mr. Faisal Alam;
3. Mr. Banshidhar Singh;
4. Mrs. Renuka Sinha; and
5. Mrs. Mukta Sinha.

#### Change in Board of Directors

There are no changes in the board of directors in the three years preceeding the date of this Draft Letter of Offer.

#### Financial Performance

The audited financials of MMPL for Fiscal 2012, 2011 and 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 21.36       | 34.98       | 47.00       |
| Profit/(loss) after tax             | (96.86)     | (105.30)    | 245.78      |
| Equity capital                      | 485.00      | 485.00      | 485.00      |
| Reserves and surplus                | (583.74)    | (486.88)    | (381.58)    |
| Earnings per share (Basic) (in ₹)   | (2.00)      | (2.17)      | 5.07        |
| Earnings per share (Diluted) (in ₹) | (2.00)      | (2.17)      | 5.07        |
| Net asset value per share (in ₹)    | (2.04)      | (0.04)      | 2.13        |

#### Promoters of MMPL

The Promoters of MMPL are the members of Sinha Family, viz., Renuka Sinha, Kanupriya Priyadarshini, Aditya Prakash Sinha, Mayank Prakash Sinha, Mukta Sinha, Siddharth Prakash Sinha, Tanuj Prakash Sinha and Ratika Sinha.

#### Other understandings and confirmations

Our Company confirms that the PAN, bank account numbers, company registration numbers and the addresses of the Registrar of Companies where MMPL is registered will be submitted to the Stock Exchanges at the time of filing the Draft Letter of Offer with them.

Our Promoters, Promoter Group and Group Entities have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or is also a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Neither our Company nor Promoters or their relatives (as defined in the Companies Act), Group Entities, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them. For further details, see “—**Group Entities**” below.

### **Interests of our Promoters**

Our Promoters are interested in our Company to the extent of any remuneration or reimbursement of expenses payable to them as Directors of our Company.

The Promoters and Group Entities confirm that they have no interest in any property acquired by our Company during the last two years preceding the date of filing of this Draft Letter of Offer.

### **Payment or Benefit to Promoters**

Except as stated above under “**Interests of our Promoters**” and “**Financial Statements**” on page 123, there has been no payment of benefits to our Promoters, Promoter Group and Group Entities during fiscal 2011 and fiscal 2012.

### **Disassociation by the Promoter in the last three years**

Our Promoters have not disassociated themselves from any company or firm during the three years immediately preceding the date of filing of this Letter of Offer with SEBI.

### **Our Promoter Group**

Our Promoter Group as defined under Regulation 2(zb) of the SEBI (ICDR) Regulations 2009 includes the following individuals:

| <b>Promoter’s</b>   | <b>Mr. Satyadeva Prakash Sinha</b>  |
|---------------------|---|
| Spouse              | Mrs. Renuka Sinha   |
| Father              | Late Chandradeva Prakash Sinha  |
| Mother              | Mrs. Shiva Madhavi Devi   |
| Brother(s)          | Mr. Shailendra Prakash Sinha  |
| Sister(s)           | Mrs. Priyambada Sinha, Mrs. Irawati Sinha, Mrs. Jayawati Sinha, Mrs. Sheela Shrivastava, Mrs. Neelu Verma |
| Son(s)              | Mr. Anant Prakash Sinha, Mr. Aditya Prakash Sinha, Mr. Mayank Prakash Sinha                               |
| Spouse’s Father     | Late T.N. Srivastava  |
| Spouse’s Mother     | Mrs. Uma Srivastava   |
| Spouse’s Brother(s) | Mr. Ashutosh Ranjan, Mr. Alok Ranjan, Mr. Akhilesh Ranjan   |

| <b>Promoter’s</b>   | <b>Mr. Shailendra Prakash Sinha</b>   |
|---------------------|---|
| Spouse              | Mrs. Mukta Sinha  |
| Father              | Late Chandradeva Prakash Sinha  |
| Mother              | Mrs. Shiva Madhavi Devi   |
| Brother(s)          | Mr. Satyadeva Prakash Sinha   |
| Sister(s)           | Mrs. Priyambada Sinha, Mrs. Irawati Sinha, Mrs. Jayawati Sinha, Mrs. Sheela Shrivastava, Mrs. Neelu Verma |
| Son(s)              | Mr. Siddharth Prakash Sinha, Mr. Tanuj Prakash Sinha  |
| Daughter(s)         | Mrs. Ratika Sinha   |
| Spouse’s Father     | Late Wasdeo Pd. Shrivastava   |
| Spouse’s Mother     | Late Kamla Devi Shrivastava   |
| Spouse’s Brother(s) | Dr. P.K.Shrivastava   |
| Spouse’s Sister(s)  | Mrs. Maya Dehadrai, Mrs. Manjula Chauhan  |

## Group Entities

The following companies/firms/ventures are promoted by our Promoter (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus, are our Group Companies:

| S. No. | Name of Company                               | Brief Description of business   | Promoters' shareholding in % (direct)* |
|--------|---|---|--|
| 1.     | Jenson & Nicholson (India) Limited            | Manufacture and sale of paint   | 32.50                                  |
| 2.     | Bihar Hotels Limited                          | Hospitality, owns and operates a 5 Star Hotel   | 44.84                                  |
| 3.     | Sintra Limited                                | Handling and Transportation   | 23.33                                  |
| 4.     | Canterbury Results Pvt. Ltd                   | Software Development in Medical Transcription Field                                   | 33.33                                  |
| 5.     | Differential Technologies Limited             | Software Development and Allied Services  | 0.43                                   |
| 6.     | Usha Tin & Steel Convertors Private Limited   | Investment  | --                                     |
| 7.     | Indo Burma Agencies Private Limited           | Handling, Clearing and Forwarding Agency  | 47.56                                  |
| 8.     | Hind Marketing Corporation Private Limited    | -do-  | 9.76                                   |
| 9.     | Differential Info-Services Limited            | Software Development and Resourcing   | 3.20                                   |
| 10.    | Eureka Transporters & Traders Private Limited | Handling and Transportation   | --                                     |
| 11.    | Svasara Resorts Private Limited               | Owning and Operating a Resort   | --                                     |
| 12.    | Sone Valley Cements Limited                   | Cement Manufacture (presently closed)   | 1.01                                   |
| 13.    | Bailey's Mall and Multiplex Private Limited   | Formed to construct a Mall and Multiplex. However no business commencement till date. | 31.15                                  |

\*Promoters' shareholdings shown in the table above are held directly. The indirect interest of the Promoter is held through certain Group Companies (in which the Promoter holds equity shares directly or through other companies in which the Promoter has an interest) which in turn has shareholdings in the relevant Group Companies.

Unless otherwise specifically stated, no equity shares of any of our Group Companies are listed on any Indian stock exchange and they have not made any public or rights issue of securities in India in the preceding three years. In addition, unless noted otherwise, the fiscal year of our Group Entities commences on April 1 and ends on March 31.

**The following information with respect to our Group Companies is being provided pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations.**

### A. Listed Group Companies

#### 1. Jenson & Nicholson (India) Limited ("JNIL")

JNIL was incorporated as a private limited company on December 2, 1922 under the Indian Companies Act, 1913. Thereafter, JNIL was converted into a public company and a fresh Certificate of Incorporation was issued on April 22, 1953. The registered office of JNIL is situated at 7B, Middleton Street, P. S. Shakespeare Sarani, Kolkata- 700 071, West Bengal. Its corporate identification number is L51597WB1922PLC004603.

JNIL is engaged in the business of production and sale of paints and varnishes i.e. coatings in the industrial and decorative segments.

The net worth of JNIL was fully eroded as on March 31, 2003 and a reference was made to BIFR under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, as amended. Pursuant to an order dated April 20, 2006, the BIFR declared JNIL as a sick industrial undertaking and appointed IDBI as Operating Agency. The Company's reference before the Board for Industrial & Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 registered vide Case no. 395/2003 was abated by

the Hon'ble BIFR on hearing held on 20<sup>th</sup> April,2012 on a application file by M/s Assets Care & Reconstruction Enterprise Ltd after acquisition of the assets of JNIL. A fresh reference was filed by JNIL which initially was rejected but after hearing by the Secretary, BIFR, the company's reference has been registered afresh as case no. 47/2012. The reference is pending before BIFR.

The equity shares of JNIL are listed on Calcutta Stock Exchange Limited ("CSE"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The equity shares of JNIL were also listed on the stock exchanges at Ahmedabad, Bangalore, Delhi and Magadh. However, the shareholders in its meeting held on September 30, 2002 have given the approval for voluntary delisting from the said exchanges. JNIL is yet to receive final delisting order from the said exchanges.

#### Shareholding Pattern

The shareholding pattern of JNIL is as follows:

| Category code | Category of Shareholder                                      | Number of Share holders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares |                            | Shares Pledged or otherwise encumbered |                           |
|---------------|--|-------------------------|------------------------|--|--|----------------------------|--|---------------------------|
|               |  |                         |                        |  | As a percentage of (A+B) <sup>1</sup>                        | As a percentage of (A+B+C) | Number of shares                       | As a percentage           |
| (I)           | (II)   | (III)                   | (IV)                   | (V)  | (VI)   | (VII)                      | (VIII)                                 | (IX)=<br>(VIII)/(I V)*100 |
| (A)           | Shareholding of Promoter and Promoter Group                  |                         |                        |  |  |                            |  |                           |
| 1             | Indian   |                         |                        |  |  |                            |  |                           |
| (a)           | Individuals/ Hindu Undivided Family                          | 0                       | 0                      | 0  | 0.0000   | 0.0000                     |  | 0.00                      |
| (b)           | Central Government/ State Government(s)                      | 0                       | 0                      | 0  | 0.0000   | 0.0000                     |  | 0.00                      |
| (c)           | Bodies Corporate   | 2                       | 12633342               | 12633342                                     | 33.7559  | 33.7559                    | 12162214                               | 96.27                     |
| (d)           | Financial Institutions/ Banks                                | 0                       | 0                      | 0  | 0.0000   | 0.0000                     |  | 0.00                      |
| (e)           | Any Others (Specify)   | 0                       | 0                      | 0  | 0.0000   | 0.0000                     |  | 0.00                      |
| (e-i)         |  |                         |                        |  |  |                            |  |                           |
| (e-ii)        |  |                         |                        |  |  |                            |  |                           |
|               | Sub Total(A)(1)  | 2                       | 12633342               | 12633342                                     | 33.7559  | 33.7559                    | 12162214                               | 96.27                     |
| 2             | Foreign  |                         |                        |  |  |                            |  |                           |
| a             | Individuals (Non-Residents Individuals/ Foreign Individuals) |                         |                        |  |  |                            |  | 0.00                      |
| b             | Bodies Corporate   |                         |                        |  |  |                            |  | 0.00                      |
| c             | Institutions   |                         |                        |  |  |                            |  | 0.00                      |
| d             | Qualified Foreign Investors                                  |                         |                        |  |  |                            |  |                           |
| e             | Any Others(Specify)  |                         |                        |  |  |                            |  | 0.00                      |
| e-i           |  |                         |                        |  |  |                            |  | 0.00                      |
| e-ii          |  |                         |                        |  |  |                            |  | 0.00                      |
|               | <b>Sub Total(A)(2)</b>                                       | <b>0</b>                | <b>0</b>               | <b>0</b>                                     | <b>0.0000</b>  | <b>0.0000</b>              | <b>0</b>                               | <b>0.00</b>               |

|         |   |              |                 |                 |                |                |                 |              |
|---------|---|--------------|-----------------|-----------------|----------------|----------------|-----------------|--------------|
|         | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)                  | 2            | 12633342        | 12633342        | 33.7559        | 33.7559        | 12162214        | 96.27        |
| (B)     | Public shareholding   |              |                 |                 |                |                |                 |              |
| 1       | Institutions  |              |                 |                 |                |                |                 |              |
| (a)     | Mutual Funds/ UTI   | 1            | 375             | 0               | 0.0010         | 0.0010         |                 |              |
| (b)     | Financial Institutions/ Banks   | 10           | 63301           | 500             | 0.1691         | 0.1691         |                 |              |
| (c)     | Central Government/ State Government(s)   | 0            | 0               | 0               | 0.0000         | 0.0000         |                 |              |
| (d)     | Venture Capital Funds   | 0            | 0               | 0               |                | 0.0000         |                 |              |
| (e)     | Insurance Companies   | 1            | 731967          | 731967          | 1.9558         | 1.9558         |                 |              |
| (f)     | Foreign Institutional Investors   | 0            | 0               | 0               | 0.0000         | 0.0000         |                 |              |
| (g)     | Foreign Venture Capital Investors   |              |                 |                 |                |                |                 |              |
| (h)     | Qualified Foreign Investors   |              |                 |                 |                |                |                 |              |
| (i)     | Any Other (specify)   |              |                 |                 |                |                |                 |              |
|         | <b>Sub-Total (B)(1)</b>   | <b>12</b>    | <b>795643</b>   | <b>732467</b>   | <b>2.1259</b>  | <b>2.1259</b>  |                 |              |
| B 2     | Non-institutions  |              |                 |                 |                |                |                 |              |
| (a)     | Bodies Corporate  | 399          | 2974554         | 2954064         | 7.9479         | 7.9479         |                 |              |
| (b)     | Individuals   |              |                 |                 |                |                |                 |              |
| I       | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 19249        | 18735952        | 15413946        | 50.0619        | 50.0619        |                 |              |
| II      | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.      | 22           | 2094768         | 2094768         | 5.5972         | 5.5972         |                 |              |
| (c)     | Qualified Foreign Investors   |              |                 |                 |                |                |                 |              |
| (d)     | Any Other (specify)   |              |                 |                 |                |                |                 |              |
| (d-i)   | Trust & Foundations, OCB  | 0            | 0               | 0               | 0.0000         | 0.0000         |                 |              |
| (d-ii)  | Non-Resident Individuals  | 95           | 191336          | 179816          | 0.5112         | 0.5112         |                 |              |
| (d-iii) | Clearing Member   | 0            | 0               | 0               | 0.0000         | 0.0000         |                 |              |
|         | <b>Sub-Total (B)(2)</b>   | <b>19765</b> | <b>23996610</b> | <b>20642594</b> | <b>64.1182</b> | <b>64.1182</b> | <b>0</b>        | <b>0.00</b>  |
| (B)     | Total Public Shareholding (B)= (B)(1)+(B)(2)  | 19777        | 24792253        | 21375061        | 66.2441        | 66.2441        | 0               | 0.00         |
|         | <b>TOTAL (A)+(B)</b>  | <b>19779</b> | <b>37425595</b> | <b>34008403</b> | <b>100.00</b>  | <b>100.00</b>  | <b>12162214</b> | <b>32.50</b> |

|     |  |              |                 |                 |               |                 |                 |              |
|-----|--|--------------|-----------------|-----------------|---------------|-----------------|-----------------|--------------|
| (C) | Shares held by Custodians and against which Depository Receipts have been issued |              |                 |                 |               |                 |                 |              |
| 1   | Promoter and Promoter Group  |              |                 |                 |               |                 |                 | 0.00         |
| 2   | Public   |              |                 |                 |               |                 |                 |              |
|     | Sub-Total (C)  | 0            | 0               | 0               |               |                 | 0               |              |
|     | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>19779</b> | <b>37425595</b> | <b>34008403</b> | <b>100.00</b> | <b>100.0000</b> | <b>12162214</b> | <b>32.50</b> |

#### Board of Directors

The Board of Directors of JNIL consists of:

1. Mr. Faisal Alam;
2. Mr. Nripendra Mohan Sahai;
3. Mr. Bijay Chandra Srivastava;
4. Mr. Ranjit Singh; and
5. Mr. Balab Saran Sahay;

#### Financial Performance

The audited financials of JNIL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 5,675.43    | 4,787.77    | 3,999.71    |
| Profit/(loss) after tax             | 69.30       | (401.44)    | (387.31)    |
| Equity capital                      | 748.51      | 748.51      | 748.51      |
| Reserves and surplus *              | (43,679.27) | (43,748.58) | (43,347.15) |
| Earnings per share (Basic) (in ₹)   | (0.46)      | (1.72)      | (1.68)      |
| Earnings per share (Diluted) (in ₹) | (0.46)      | (1.72)      | (1.68)      |
| Net asset value per share (in ₹)    | (114.71)    | (114.89)    | (113.82)    |

\* Excludes revaluation reserves

#### Details of listing and highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of JNIL at the BSE and the NSE are as follows:

| Month       | BSE       |          | NSE       |          |
|-------------|-----------|----------|-----------|----------|
|             | High (₹)* | Low (₹)* | High (₹)* | Low (₹)* |
| March 2012  | 3.69      | 2.80     | 3.65      | 2.60     |
| April 2012  | 3.35      | 2.78     | 3.60      | 2.75     |
| May 2012    | 3.55      | 2.55     | 3.55      | 2.75     |
| June 2012   | 5.34      | 3.05     | 5.40      | 2.90     |
| July 2012   | 5.54      | 4.00     | 5.50      | 3.95     |
| August 2012 | 5.20      | 3.46     | 5.20      | 3.45     |

\* High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the equity shares for the month.

(Source: BSE and NSE)

The closing equity share price of JNIL as of September 21 2012 on NSE and BSE were ₹ 4.05 and ₹ 4.07, respectively and the market capitalization of JNIL as of September 21 2012 on NSE and BSE was ₹ 1515.74 Lacs and ₹ 1523.22 Lacs respectively.

*Public or Rights Issue in the last three years*

JNIL has not undertaken any public or rights issue in the last three years.

*Promise v/s Performance*

JNIL has not made any public or rights issues in the last 10 years preceeding the date of this Draft Letter of Offer.

*Mechanism for redressal of investor grievance*

The board of directors of JNIL has constituted a shareholders & investors grievance committee comprising Mr. Nripendra Mohan Sahai, as Chairman, Mr. Ranjit Singh as member, in accordance with clause 49 of the Equity Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as the transfers or credit of shares to demat accounts and non receipt of dividend/annual reports. Mr. B. Bhattacharjee, Company Secretary, is the compliance officer. JNIL normally takes up to 15 days for disposal of various types of investor grievances. Total number of investor complaints received during the last three Fiscals is 29, out of which 3 investor complaints were received during Fiscal 2012. As of June 30, 2012, no investor complaints were pending against JNIL.

**2. Bihar Hotels Limited (“BHL”)**

BHL was incorporated on April 22, 1964 under the Companies Act, 1956. The Certificate of Commencement of Business was issued to BHL on September 11, 1964. The registered office of BHL is situated at South Gandhi Maidan, Patna- 800 001, Bihar. Its corporate identification number is L55101BR1964PLC000737.

BHL is engaged in the business of running and maintaining hotels.

The equity shares of BHL are listed on Magadh Stock Exchange, Patna. However, vide Order dated August 30, 2007, SEBI has de-recognised Magadh Stock Exchange with effect from September 19, 2007.

*Shareholding Pattern*

The shareholding pattern of BHL is as follows:

| Category Code | Category of Shareholder                     | Number of Shareholders | Total number of Shares | Number of Shares held in dematerialized form | Total Shareholding as a percentage of total number of Shares |                   | Shares Pledged or otherwise encumbered |                        |
|---------------|---|------------------------|------------------------|--|--|-------------------|--|------------------------|
|               |   |                        |                        |  | As a % of (A+B)  | As a % of (A+B+C) | Number of Shares                       | As a % of              |
| (I)           | (II)  | (III)                  | (IV)                   | (V)  | (VI)   | (VII)             | (VIII)                                 | (IX)=(V III)/(IV) *100 |
| (A)           | Shareholding of Promoter and Promoter Group |                        |                        |  |  |                   |  |                        |
| (1)           | Indian                                      |                        |                        |  |  |                   |  |                        |
| (a)           | Individuals/Hindu Undivided Family          | 2                      | 10,360                 | -  | 0.06%  | 0.06%             | NIL                                    | NIL                    |
| (b)           | Central Government/State Government(s)      | -                      | -                      | -  | -  | -                 | NIL                                    | NIL                    |
| (c)           | Bodies Corporate                            |                        |                        |  |  |                   |  |                        |
|               | i)Indo Burma Agencies Pvt.Ltd.              | 1                      | 7,458,880              | 7,458,880                                    | 41.44%   | 41.44%            | NIL                                    | NIL                    |
|               | ii)Maurya Management Pvt.Ltd.               | 1                      | 8,071,860              | 8,071,860                                    | 44.84%   | 44.84%            | NIL                                    | NIL                    |

|     |   |    |            |            |        |        |     |     |
|-----|---|----|------------|------------|--------|--------|-----|-----|
| (d) | Financial Institutions/Banks  | -  | -          | -          | -      | -      | NIL | NIL |
| (e) | Any Other (Specify)   | -  | -          | -          | -      | -      | NIL | NIL |
|     | Sub-total (A)(1)  | 4  | 15,541,100 | 15,530,740 | 86.34% | 86.34% |     |     |
| (2) | Foreign   |    |            |            |        |        |     |     |
| (a) | Individuals(Non-resident Individuals/Foreign Individuals)                       | -  | -          | -          | -      | -      | NIL | NIL |
| (b) | Bodies Corporate  | -  | -          | -          | -      | -      | NIL | NIL |
| (c) | Institutions  | -  | -          | -          | -      | -      | NIL | NIL |
| (d) | Any Other (Specify)   | -  | -          | -          | -      | -      | NIL | NIL |
|     | Sub-total (A)(2)  | -  | -          | -          | -      | -      |     |     |
|     | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)             | 4  | 15,541,100 | 15,530,740 | 86.34% | 86.34% |     |     |
| (B) | Public Shareholding   |    |            |            |        |        |     |     |
| (1) | Institutions  |    |            |            |        |        |     |     |
| (a) | Mutual Funds/UTI  | -  | -          | -          | -      | -      | NIL | NIL |
| (b) | Financial Institutions/Banks  |    |            |            |        |        |     |     |
|     | i)M/S Bihar State Financial Corp.   | 1  | 377,000    | -          | 2.09%  | 2.09%  | NIL | NIL |
|     | ii)ICICI Bank Ltd.  | 1  | 265,500    | 265500     | 1.48%  | 1.48%  | NIL | NIL |
| (c) | Central Government/State Government(s)  | -  | -          | -          | -      | -      | NIL | NIL |
| (d) | Venture Capital Funds   | -  | -          | -          | -      | -      | NIL | NIL |
| (e) | Insurance Companies   | -  | -          | -          | -      | -      | NIL | NIL |
| (f) | Foreign Institutional Investors   | -  | -          | -          | -      | -      | NIL | NIL |
| (g) | Foreign Venture Capital Investors   | -  | -          | -          | -      | -      | NIL | NIL |
| (h) | Any Other (Specify)   | -  | -          | -          | -      | -      | NIL | NIL |
|     | Sub-total (B)(1)  | 2  | 642,500    | 265,500    | 3.57%  | 3.57%  |     |     |
| (2) | Non-Institutions  |    |            |            |        |        |     |     |
| (a) | Bodies Corporate  | 2  | 863,480    | 63480      | 4.80%  | 4.80%  | NIL | NIL |
| (b) | Individuals-  |    |            |            |        |        |     |     |
|     | i.) Individual Shareholders holding nominal share capital up to ₹1 lakh         | 80 | 491,940    | 40540      | 2.73%  | 2.73%  | NIL | NIL |
|     | ii.) Individual Shareholders holding nominal share capital in excess of ₹1 lakh | 2  | 460,980    | 400,980    | 2.56%  | 2.56%  | NIL | NIL |
| (c) | Any Other (Specify)   | -  | -          | -          | -      | -      | NIL | NIL |
|     | Sub-total (B)(2)  | 84 | 1,816,400  | 505,000    | 10.09% | 10.09% |     |     |

|     |  |     |            |            |         |         |     |     |
|-----|--|-----|------------|------------|---------|---------|-----|-----|
|     | Total Public Shareholding (B)=(B)(1)+(B)(2)                                      | 86  | 2,458,900  | 770,500    | 13.66%  | 13.66%  |     |     |
|     | TOTAL (A)+(B)  | 90  | 18,000,000 | 16,301,240 | 100.00% | 100.00% |     |     |
| (C) | Shares held by custodians and against which Depository Receipts have been issued | -   | -          | -          |         |         |     |     |
| 1   | Promoter and Promoter Group  | Nil | Nil        | Nil        | Nil     | Nil     | NIL | NIL |
| 2   | Public   | Nil | Nil        | Nil        | Nil     | Nil     | NIL | NIL |
|     | GRAND TOTAL (A)+(B)+©  | 90  | 18,000,000 | 16,301,240 | 100.00% | 100.00% |     |     |

#### Board of Directors

The Board of Directors of BHL consists of:

1. Mr. Aditya Prakash Sinha;
2. Mr. Mohan Saran;
3. Mr. Kali Das Chatterji;
4. Mr. Siddharth Prakash Sinha;
5. Ms. Ratika Sinha;
6. Mr. DhananjayMahendraLodha; and
7. Mr. Mayank Prakash Sinha.

#### Financial Performance

The audited financials of BHL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 2,937.46    | 2,732.94    | 2,233.22    |
| Profit/(loss) after tax             | 324.30      | 392.62      | 391.46      |
| Equity capital                      | 360.00      | 360.00      | 360.00      |
| Reserves and surplus *              | 1,866.65    | 1,584.19    | 1,233.41    |
| Earnings per share (Basic) (in ₹)   | 1.80        | 2.18        | 2.17        |
| Earnings per share (Diluted) (in ₹) | 1.80        | 2.18        | 2.17        |
| Net asset value per share (in ₹)    | 12.37       | 10.80       | 8.85        |

\*Excluding revaluation reserve

#### B. Unlisted Group Companies

Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, the following are the three largest unlisted Group Entities as determined on the basis of their turnover. The relevant details of such Group Entities are as provided below:

##### 1. Sintra Limited (“SL”)

SL was incorporated on February 16, 1942 under the Indian Companies Act, 1913 under the name of The Hyderabad Investment Trust Limited. The name of the company was changed to The Shahabad Investment and Traders Limited and a fresh Certificate of Incorporation was issued on July 28, 1969. Thereafter, the name of the company was changed to Sintra Limited and consequent upon such change, a fresh Certificate of Incorporation was issued on December 12, 1984. The registered office of SL is situated at Maurya Centre, 1, Fraser Road, Patna- 800 001, Bihar. Its corporate identification number is U51909BR1972PLC000963.

SL is engaged in the business of handling of cement, coal and other raw materials for our Company

*Shareholding Pattern*

The shareholding pattern of SL is as follows:

| Name of Shareholder                     | No. of shares held | % of shares held |
|---|--------------------|------------------|
| Eureka Transporters & Traders Pvt. Ltd. | 20,000             | 6.67             |
| Hind Marketing Corporation Pvt. Ltd.    | 50,070             | 16.69            |
| Indo Burma Agencies Pvt. Ltd.           | 24,100             | 8.03             |
| Maurya Management Pvt.Ltd.              | 70,000             | 23.33            |
| Usha Tin &Steel Convertors Pvt. Ltd.    | 1,700              | 0.57             |
| Others                                  | 134,130            | 44.71            |
| <b>Total</b>                            | <b>300,000</b>     | <b>100.00</b>    |

*Board of Directors*

The Board of Directors of SL consists of:

1. Mr. Simon Surendra Lall;
2. Mr. Ajay Kumar Srivastava; and
3. Mr. MahendraPratap Singh;

*Financial Performance*

The audited financials of SL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 240.44      | 216.33      | 216.38      |
| Profit/(loss) after tax             | (0.58)      | (0.08)      | (55.91)     |
| Equity capital                      | 30.00       | 30.00       | 30.00       |
| Reserves and surplus                | (86.84)     | (86.26)     | (82.37)     |
| Earnings per share (Basic) (in ₹)   | (0.19)      | (0.03)      | (18.64)     |
| Earnings per share (Diluted) (in ₹) | (0.19)      | (0.03)      | (18.64)     |
| Net asset value per share (in ₹)    | (18.95)     | (18.75)     | (17.46)     |

**2. Canterbury Result Private Limited (“CRPL”)**

CRPL was incorporated on March 15, 2004 under the Companies Act, 1956. The registered office of CRPL is situated at Maurya Centre, 1, Fraser Road, Patna- 800 001, Bihar. Its corporate identification number is U72900BR2004PTC010645.

CRPL is engaged in the business of software development in the field of Medical Transcription.

*Shareholding Pattern*

The shareholding pattern of CRPL is as follows:

| Name of Shareholder      | No. of shares held | % of shares held |
|--------------------------|--------------------|------------------|
| Shailendra Prakash Sinha | 5,000              | 33.33            |
| Anant Sinha              | 5,000              | 33.33            |
| Others                   | 5,000              | 33.34            |
| <b>Total</b>             | <b>15,000</b>      | <b>100.00</b>    |

*Board of Directors*

The Board of Directors of CRPL consists of:

1. Mr. Shailendra Prakash Sinha; and
2. Mr. Anant Prakash Sinha;

*Financial Performance*

The audited financials of CRPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 130.96      | 171.40      | 170.77      |
| Profit/(loss) after tax             | 4.14        | 3.21        | 3.05        |
| Equity capital                      | 1.50        | 1.50        | 1.50        |
| Reserves and surplus                | (1.87)      | (6.00)      | (9.21)      |
| Earnings per share (Basic) (in ₹)   | 27.58       | 21.39       | 20.34       |
| Earnings per share (Diluted) (in ₹) | 27.58       | 21.39       | 20.34       |
| Net asset value per share (in ₹)    | (2.44)      | (30.03)     | (51.42)     |

**3. Differential Technologies Limited (“DTL”)**

DTL was incorporated on January 5, 2000 under the Companies Act, 1956. The registered office of DTL is situated at T-95-A CL House behind IOC Building, Gautam Nagar, New Delhi- 110049. Its corporate identification number is U74899DL2000PLC103120.

DTL is engaged in the business of software development and allied services.

*Shareholding Pattern*

The shareholding pattern of DTL is as follows:

| Name of Shareholder           | No. of shares held | % of shares held |
|-------------------------------|--------------------|------------------|
| Indo Burma Agencies Pvt. Ltd. | 249,600            | 21.43            |
| Bihar Hotels Limited          | 200,000            | 17.17            |
| Maurya Management Pvt. Ltd.   | 5,000              | 0.43             |
| Others                        | 710,263            | 60.97            |
| <b>Total</b>                  | <b>11,64,863</b>   | <b>100.00</b>    |

*Board of Directors*

The Board of Directors of DTL consists of:

1. Mr. Shailendra Prakash Sinha;
2. Mr. Anant Prakash Sinha;
3. Mr. PulakModi;
4. Mr. Umeshwar Prasad Singh; and
5. Mr. Harish Kumar Modi;

*Financial Performance*

The audited financials of DTL for Fiscal 2011, 2010 and Fiscal 2009 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 |
| Total income                        | 124.91      | 99.73       | 141.65      |
| Profit/(loss) after tax             | 36.77       | 18.23       | 10.93       |
| Equity capital                      | 116.49      | 116.49      | 98.93       |
| Reserves and surplus                | (97.96)     | (134.74)    | (152.96)    |
| Earnings per share (Basic) (in ₹)   | 3.16        | 1.57        | 1.10        |
| Earnings per share (Diluted) (in ₹) | 3.16        | 1.57        | 1.10        |
| Net asset value per share (in ₹)    | 1.59        | (1.57)      | (5.46)      |

Relevant details of our Group Entities which have reported losses and negative net worth in the last fiscal year are as provided below:

**1. Usha Tin & Steel Convertors Private Limited (“UTSCPL”)**

UTSCPL was incorporated on March 25, 1978 under the Companies Act, 1956. The registered office of UTSCPL is situated at 3 Clive Row, Kolkata- 700 001. Its corporate identification number is U27106WB1978PTC031408.

UTSCPL is engaged in investment business.

*Shareholding Pattern*

The shareholding pattern of UTSCPL is as follows:

| Name of Shareholder                     | No. of shares held | % of shares held |
|---|--------------------|------------------|
| Hind Marketing Corporation Pvt. Ltd.    | 244                | 2.42             |
| Eureka Transporters & Traders Pvt. Ltd. | 3,135              | 31.04            |
| Indo burma Agencies Pvt. Ltd.           | 221                | 2.19             |
| Others                                  | 6,500              | 64.35            |
| <b>Total</b>                            | <b>10,100</b>      | <b>100.00</b>    |

*Financial Performance*

The audited financials of UTSCPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | -           | -           | -           |
| Profit/(loss) after tax             | (4.64)      | (4.64)      | (5.64)      |
| Equity capital                      | 1.01        | 1.01        | 1.01        |
| Reserves and surplus                | (93.56)     | (88.92)     | (84.27)     |
| Earnings per share (Basic) (in ₹)   | (45.98)     | (45.99)     | (55.82)     |
| Earnings per share (Diluted) (in ₹) | (45.98)     | (45.99)     | (55.82)     |
| Net asset value per share (in ₹)    | (916.36)    | (870.39)    | (824.40)    |

**2. Indo Burma Agencies Private Limited (“IBAPL”)**

IBAPL was incorporated on January 22, 1943 under the Indian Companies Act, 1913. The registered office of IBAPL is situated at 2 & 3 Clive Row, Kolkata- 700001. Its corporate identification number is U51909WB1943PTC011188.

IBAPL is engaged in the business of handling, clearing and forwarding agency

#### Shareholding Pattern

The shareholding pattern of IBAPL is as follows:

| Name of Shareholder                       | No. of shares held | % of shares held |
|---|--------------------|------------------|
| Maurya Management Pvt. Ltd.               | 21,400             | 47.56            |
| Hind Marketing Corporation Pvt. Ltd.      | 20,451             | 45.45            |
| Eureka Transporters and Traders Pvt. Ltd. | 2,000              | 4.44             |
| Others                                    | 1,149              | 2.55             |
| <b>Total</b>                              | <b>45,000</b>      | <b>100.00</b>    |

#### Financial Performance

The audited financials of IBAPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 16.31       | 14.92       | 15.00       |
| Profit/(loss) after tax             | 13.52       | 12.79       | 11.19       |
| Equity capital                      | 45.00       | 45.00       | 45.00       |
| Reserves and surplus                | (78.32)     | (91.84)     | (104.65)    |
| Earnings per share (Basic) (in ₹)   | 30.05       | 28.42       | 24.87       |
| Earnings per share (Diluted) (in ₹) | 30.05       | 28.42       | 24.87       |
| Net asset value per share (in ₹)    | (74.04)     | (104.09)    | (132.57)    |

### 3. Hind Marketing Corporation Private Limited (“HMCPL”)

HMCPL was incorporated on January 28, 1950 under the Companies Act, 1956. The registered office of HMCPL is situated at 2 & 3 Clive Row, Kolkata- 700 001. Its corporate identification number is U51909WB1950PTC018575

HMCPL is engaged in the business of handling, clearing and forwarding agency

#### Shareholding Pattern

The shareholding pattern of HMCPL is as follows:

| Name of Shareholder                      | No. of shares held | % of shares held |
|--|--------------------|------------------|
| Maurya Management Pvt. Ltd.              | 20,000             | 9.75             |
| Indo Burma Agencies Pvt. Ltd             | 99,108             | 48.35            |
| Sintra Limited                           | 20,880             | 10.19            |
| Eureka Transporters and Traders Pvt. Ltd | 51,620             | 25.18            |
| Others                                   | 13,392             | 6.53             |
| <b>Total</b>                             | <b>205,000</b>     | <b>100.00</b>    |

*Financial Performance*

The audited financials of HMCPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 58.10       | 28.70       | 23.38       |
| Profit/(loss) after tax             | 27.31       | (1.55)      | (14.05)     |
| Equity capital                      | 205.00      | 205.00      | 205.00      |
| Reserves and surplus                | (335.86)    | (363.17)    | (361.60)    |
| Earnings per share (Basic) (in ₹)   | 13.32       | (0.76)      | (6.86)      |
| Earnings per share (Diluted) (in ₹) | 13.32       | (0.76)      | (6.86)      |
| Net asset value per share (in ₹)    | (63.83)     | (77.16)     | (76.39)     |

**4. Differential Info-Services Limited (“DISL”)**

DISL was incorporated on July 3, 2000 under the Companies Act, 1956 under the name of Maurya Info-Services Limited. Thereafter, the name of the company was changed to Differential Info-Services Limited and a fresh Certificate of Incorporation was issued on August 23, 2001. The registered office of DISL is situated at 2 & 3 Clive Row, Kolkata- 700 001. Its corporate identification number is U51109WB2000PLC092092.

DISL is engaged in the business of software development and resourcing.

*Shareholding Pattern*

The shareholding pattern of DISL is as follows:

| Name of Shareholder          | No. of shares held | % of shares held |
|------------------------------|--------------------|------------------|
| Mr. Shailendra Prakash Sinha | 1,600              | 3.20             |
| Mr. Anant Prakash Sinha      | 12,900             | 25.80            |
| Mr. Aditya Prakash Sinha     | 500                | 1.00             |
| Mr. Mayank Prakash Sinha     | 500                | 1.00             |
| Mrs. Richa Sinha             | 500                | 1.00             |
| Mrs. Mukta Sinha             | 15,000             | 30.00            |
| Mrs. Renuka Sinha            | 7,500              | 15.00            |
| Mrs. Kanupriya Priyadarshini | 8,500              | 17.00            |
| Mr. Siddharth Prakash Sinha  | 1,000              | 2.00             |
| Mr. Tanuj Prakash Sinha      | 1,000              | 2.00             |
| Ms. Ratika Sinha             | 1,000              | 2.00             |
| <b>Total</b>                 | <b>50,000</b>      | <b>100.00</b>    |

*Financial Performance*

The audited financials of DISL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                   | (₹ in Lacs) |             |             |
|-----------------------------------|-------------|-------------|-------------|
|                                   | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                      | -           | -           | 0.66        |
| Profit/(loss) after tax           | (0.07)      | (0.17)      | (0.91)      |
| Equity capital                    | 5.00        | 5.00        | 5.00        |
| Reserves and surplus              | (8.18)      | (8.12)      | (7.95)      |
| Earnings per share (Basic) (in ₹) | (0.01)      | (0.03)      | (1.83)      |

|                                     |        |        |        |
|-------------------------------------|--------|--------|--------|
| Earnings per share (Diluted) (in ₹) | (0.01) | (0.03) | (1.83) |
| Net asset value per share (in ₹)    | (6.37) | (6.23) | (5.90) |

#### 5. Eureka Transporters & Traders Private Limited (“ETTPL”)

ETTPL was incorporated on April 23, 1984 under the Companies Act, 1956. The registered office of ETTPL is situated at 3 Clive Row, Kolkata- 700 001. Its corporate identification number is U63090WB1984PTC037415.

ETTPL is engaged in the business of handling and transportation

##### Shareholding Pattern

The shareholding pattern of ETTPL is as follows:

| Name of Shareholder                  | No. of shares held | % of shares held |
|--------------------------------------|--------------------|------------------|
| Hind Marketing Corporation Pvt. Ltd. | 1,100,000          | 48.89            |
| Indo Burma Agencies Pvt.Ltd          | 137,960            | 6.13             |
| Others                               | 1,012,000          | 44.98            |
|                                      | <b>2,249,960</b>   | <b>100.00</b>    |

##### Financial Performance

The audited financials of ETTPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 24.52       | 39.32       | 110.29      |
| Profit/(loss) after tax             | (17.64)     | (3.73)      | 25.69       |
| Equity capital                      | 225.00      | 225.00      | 225.00      |
| Reserves and surplus                | (141.57)    | (123.93)    | (120.20)    |
| Earnings per share (Basic) (in ₹)   | (0.78)      | (0.17)      | 1.14        |
| Earnings per share (Diluted) (in ₹) | (0.78)      | (0.17)      | 1.14        |
| Net asset value per share (in ₹)    | 3.71        | 4.49        | 4.66        |

#### 6. Svasara Resorts Private Limited (“SRPL”)

SRPL was incorporated on November 20, 2008 under the Companies Act, 1956. The registered office of SRPL is situated at Flat No.310, Bldg. No. A/1, Forest Housing Society, Seminary Hills, Katol Road, Nagpur – 440013, Maharashtra. Its corporate identification number is U55101MH2008PTC188363.

SRPL has set up a Resort at Tadoba, Nagpur, Maharashtra, India. It is engaged in the business of running and maintaining the same.

##### Shareholding Pattern

The shareholding pattern of SRPL is as follows:

| Name of Shareholder  | No. of shares held | % of shares held |
|----------------------|--------------------|------------------|
| Bihar Hotels Limited | 1,100,000          | 55.00            |
| Others               | 900,000            | 45.00            |
| <b>Total</b>         | <b>2,000,000</b>   | <b>100.00</b>    |

*Financial Performance*

The audited financials of SRPL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                                     | (₹ in Lacs) |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income                        | 41.74       | -           | -           |
| Profit/(loss) after tax             | (55.25)     | -           | -           |
| Equity capital                      | 200.00      | 200.00      | 1.00        |
| Reserves and surplus                | (55.25)     | -           | -           |
| Earnings per share (Basic) (in ₹)   | (2.76)      | -           | -           |
| Earnings per share (Diluted) (in ₹) | (2.76)      | -           | -           |
| Net asset value per share (in ₹)    | 7.22        | 9.95        | (3.54)      |

**7. Sone Valley Cements Limited (“SVCL”)**

SVCL was incorporated on October 9, 1922 under the Indian Companies Act, 1913 under the name of Sone Valley Portland Cement Company Limited. Thereafter, the name of the company was changed to Sone Valley Cements Limited and a fresh Certificate of Incorporation was issued on February 16, 1990. The registered office of SVCL is situated at Shahi Bhawan 2<sup>nd</sup> Floor, Exhibition Road, Patna- 800 001, Bihar. Its corporate identification number is U26940BR1968SGC000827.

Sone Valley Cements Limited (earlier known as Sone Valley Portland Cement Company Ltd.) was acquired by our Promoters from the erstwhile owners namely Late B.P. Jain in 1984. Since the company was sick, it was registered with BIFR as Case No. 272/87 under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR ordered winding up of the Company vide its order dated 7<sup>th</sup> March 1995 with a direction that BIFR’s opinion may be conveyed to the concerned High Court (Patna High Court) for necessary action. BIFR’s order was challenged by Sone Valley Cements Ltd. before the Appellate Authority For Industrial & Financial Reconstruction (AAIFR). AAIFR also vide order dated 1.4.1997 confirmed the winding up order passed by BIFR. The company thereafter filed a writ petition (CWJC No. 7098 of 1997) whereunder the Hon’ble Patna High Court passed an order dated 18.8.1997 staying the operation of winding up order passed by BIFR as well as the order passed by AAIFR confirming BIFR’s order. The matter is pending before the Hon’ble Patna High Court.

*Shareholding Pattern*

The shareholding pattern of SVCL is as follows:

| Name of Shareholder                  | No. of shares held | % of shares held |
|--------------------------------------|--------------------|------------------|
| Maurya Management Pvt. Ltd.          | 72,200             | 1.01             |
| Hind Marketing Corporation Pvt. Ltd. | 312,500            | 4.35             |
| Indo Burma Agencies Pvt.Ltd          | 40,710             | 0.57             |
| Usha Tin & Steel Convertors Pvt.Ltd. | 1,674,900          | 23.33            |
| Others                               | 5,079,690          | 70.74            |
| <b>Total</b>                         | <b>7,180,000</b>   | <b>100.00</b>    |

*Financial Performance*

The audited financials of SVCL for Fiscal 2012, 2011 and Fiscal 2010 are set forth below:

|                         | (₹ in Lacs) |             |             |
|-------------------------|-------------|-------------|-------------|
|                         | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
| Total income            | -           | -           | -           |
| Profit/(loss) after tax | (0.15)      | (0.15)      | (0.15)      |
| Equity capital          | 359.00      | 359.00      | 359.00      |

|                                     |            |            |            |
|-------------------------------------|------------|------------|------------|
| Reserves and surplus                | (9,910.10) | (9,909.95) | (9,909.80) |
| Earnings per share (Basic) (in ₹)   | (0.00)     | (0.00)     | (0.00)     |
| Earnings per share (Diluted) (in ₹) | (0.00)     | (0.00)     | (0.00)     |
| Net asset value per share (in ₹)    | (133.02)   | (133.02)   | (133.02)   |

### Other Group Entities

#### 1. Bailey's Mall and Multiplex Private Limited ("BMMPL")

BMMPL was incorporated on September 20, 2006. The registered office of BMMPL is situated at Maurya Centre, 1, Fraser Road, Patna- 800 001, Bihar. Its corporate identification number is U45209BR2006PTC012659.

BMMPL is engaged in establishing a mall and multiplex in Sahaya Sadan, Patna. The said mall has not yet commenced commercial activity.

#### Shareholding Pattern

The shareholding pattern of BMMPL is as follows:

| Name of Shareholder        | No. of shares held | % of shares held |
|----------------------------|--------------------|------------------|
| Bihar Hotels Limited       | 3,500              | 2.18             |
| Maurya Management Pvt. Ltd | 50,000             | 31.15            |
| Others                     | 107,000            | 66.67            |
| <b>Total</b>               | <b>160,500</b>     | <b>100.00</b>    |

### Other Information

#### Common Pursuits

None of our Group Entities except Sone Valley Cements Ltd. (which is not in operation for over two decades) are engaged in any activities, as on date, similar to those conducted by us. Our Company has not adopted any measures for mitigating such conflict situations. For details of business transactions within the group and their significance on the financial performance of the Company, see "*Related Party Transactions*" on page 142.

#### Sick Group Entities

Except as mentioned above, none of the companies forming part of our Promoters or Group Entities have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up. Additionally, none of our Group Entities have become defunct in the five years preceding the date of filing of the Draft Letter of Offer and no application has been made, in respect of any of the Group Entities, to the relevant Registrar of Companies for striking off their names.

For details of the Group Entities/associate companies having business interests or other interests in the Company, see "*Related Party Transactions*" on page 142.

Except as disclosed in "*Related Party Transactions*" on page 142, there have been no sales/purchases between our Company and our Group Entities and associate companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company during fiscal 2012, fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008.

### **RELATED PARTY TRANSACTIONS**

We have related party transactions with our associates, Group Companies, Promoter, key management personnel and entities under significant influence. For details, see — “*Financial Statements*” on page 123.

**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

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

Dear Sirs,

- 1) We have examined the attached financial information of Kalyanpur Cements Limited (the “Company”), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (SEBI Guidelines) and in terms of our arrangement letter dated August 21, 2012 in connection with the proposed issue of Equity Shares of the Company.
- 2) This information has been extracted by the Company from the financial statements for the years ended March 31, 2012, 2011, 2010, 2009 and 2008.
- 3) The Financial information for the above period was examined to the extent practicable, for the purpose of audit of the financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

- 4) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:
  - a) The Restated Summary Statement of Assets and Liabilities of the Company, including as at March 31, 2012, 2011, 2010, 2009 and 2008 examined by us, as set out in Annexure - I to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexures IV and V).
  - b) The Restated Summary Statement of Profits and Losses of the Company for the year then ended, including for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 examined by us, as set out in Annexure - II to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexures IV and V).
  - c) The Restated Summary Statement of Cash flows of the Company for the year then ended, including for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 examined by us, as set out in Annexure - III to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexures IV and V).
  - d) Based on the above, we are of the opinion that the restated financial information has been made after incorporating:

- (i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
  - (ii) adjustments for the material amounts in the respective financial years to which they relate; and,
  - (iii) there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
- e) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the years ended March 31, 2012, 2011, 2010, 2009 and 2008.
- (i) Statement of Dividend paid included in Annexure VI;
  - (ii) Statement of Accounting Ratios included in Annexure VII;
  - (iii) Statement of Capitalisation included in Annexure VIII;
  - (iv) Statement of long term Loan & Advances included in Annexure IX;
  - (v) Statement of Current Investments included in Annexure X;
  - (vi) Statement of Trade Receivable included in Annexure XI;
  - (vii) Statement of Short Term Loan & Advances included in Annexure XII;
  - (viii) Statement of Other Current Assets included in Annexure XIII;
  - (ix) Statement of long – term borrowings included in Annexure XIV;
  - (x) Statement of Other long term liabilities included in Annexure XV;
  - (xi) Statement of long term provision included in Annexure XVI;
  - (xii) Statement of Short term borrowing included in Annexure XVII;
  - (xiii) Statement of Trade Payable included in Annexure XVIII;
  - (xiv) Statement of Other Current liabilities included in Annexure XIX;
  - (xv) Statement of Short Term Provision included in Annexure XX;
  - (xvi) Statement of Other Income included in Annexure XXI;
  - (xvii) Statement of Tax Shelter included in Annexure XXII;
  - (xviii) Statement of Related Party Transactions included in Annexure XXIII.

In our opinion the financial information contained in Annexures VI to XXIII of this report, read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I to V) prepared after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines.

- 5) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

**For M Mukerjee & Co.**  
Chartered Accountants  
(FRN 303013E)

**Spandan Sengupta**  
Partner  
Membership No: 135833

Date: September 21, 2012

## Annexure I - Statement of Assets and Liabilities

(₹ in Lacs)

|           | Particulars                          | As on 31st March   |                    |                    |                    |                    |
|-----------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|           |                                      | 2012               | 2011               | 2010               | 2009               | 2008               |
| <b>A.</b> | <b>Non-current Assets</b>            |                    |                    |                    |                    |                    |
|           | <b>Fixed Assets:</b>                 |                    |                    |                    |                    |                    |
|           | Tangible Assets                      | 7,881.17           | 8,862.72           | 9,020.10           | 10,061.80          | 10,029.95          |
|           | Intangible Assets                    | 1.91               | 2.46               | 2.35               | 3.55               | -                  |
|           | Capital work-in-progress             | 11.74              | 190.83             | 69.46              | 151.69             | 39.42              |
|           |                                      | <b>7,894.82</b>    | <b>9,056.01</b>    | <b>9,091.91</b>    | <b>10,217.04</b>   | <b>10,069.37</b>   |
|           | Long-term Loans and Advances         | 660.89             | 602.32             | 592.96             | 585.94             | 606.58             |
|           | <b>Total Non-current Assets</b>      | <b>8,555.71</b>    | <b>9,658.33</b>    | <b>9,684.87</b>    | <b>10,802.98</b>   | <b>10,675.95</b>   |
| <b>B.</b> | <b>Current Assets</b>                |                    |                    |                    |                    |                    |
|           | Current Investments                  | -                  | -                  | -                  | 250.00             | -                  |
|           | Inventory                            | 2,790.43           | 3,240.94           | 3,761.67           | 2,177.85           | 1,723.16           |
|           | Trade Receivables                    | 292.15             | 407.28             | 384.40             | 129.57             | 275.14             |
|           | Cash and Cash Equivalents            | 391.37             | 654.11             | 1,092.75           | 523.55             | 519.02             |
|           | Short-term Loans and Advances        | 422.73             | 757.58             | 1,784.36           | 2,254.49           | 1,767.33           |
|           | Other Current Assets                 | 97.94              | 131.95             | 124.34             | 116.34             | 96.03              |
|           | <b>Total Current Assets</b>          | <b>3,994.62</b>    | <b>5,191.86</b>    | <b>7,147.52</b>    | <b>5,451.80</b>    | <b>4,380.68</b>    |
| <b>C.</b> | <b>Non-current Liabilities</b>       |                    |                    |                    |                    |                    |
|           | Long-term Borrowings                 | 9,970.38           | 11,147.78          | 12,740.70          | 16,524.87          | 15,523.74          |
|           | Other Long-term Liabilities          | 2,390.41           | 2,858.80           | 3,336.34           | 2,728.48           | 2,809.70           |
|           | Long-term Provisions                 | 1,566.18           | 1,489.98           | 1,379.80           | 1,155.42           | 1,004.99           |
|           | <b>Total Non-current Liabilities</b> | <b>13,926.97</b>   | <b>15,496.56</b>   | <b>17,456.83</b>   | <b>20,408.77</b>   | <b>19,338.43</b>   |
| <b>D.</b> | <b>Current Liabilities</b>           |                    |                    |                    |                    |                    |
|           | Short-term Borrowings                | 375.20             | 450.77             | 8.03               | -                  | -                  |
|           | Trade Payables                       | 4,727.97           | 3,578.28           | 2,477.23           | 2,165.40           | 1,787.62           |
|           | Other Current Liabilities            | 13,117.36          | 9,815.59           | 9,530.52           | 7,576.66           | 11,285.64          |
|           | Short-term Provisions                | 112.64             | 127.47             | 128.12             | 114.91             | 151.03             |
|           | <b>Total Current Liabilities</b>     | <b>18,333.17</b>   | <b>13,972.11</b>   | <b>12,143.90</b>   | <b>9,856.97</b>    | <b>13,224.29</b>   |
| <b>E.</b> | <b>Net Worth (A+B-C-D)</b>           | <b>(19,709.82)</b> | <b>(14,618.51)</b> | <b>(12,768.35)</b> | <b>(14,010.96)</b> | <b>(17,506.11)</b> |
|           | <b>Represented by:</b>               |                    |                    |                    |                    |                    |
|           | <b>Shareholder' Funds</b>            |                    |                    |                    |                    |                    |
| F.        | Share Capital                        |                    |                    |                    |                    |                    |
|           | Equity Share Capital                 | 2,125.38           | 2,125.38           | 2,125.38           | 2,125.38           | 169.38             |
|           | Preference Share Capital             | 661.76             | 661.76             | 661.76             | 661.76             | 661.76             |
| G.        | Reserves and Surplus                 | (22,496.96)        | (17,405.65)        | (15,555.49)        | (16,798.10)        | (18,337.26)        |
| <b>H.</b> | <b>Net Worth (F+G)</b>               | <b>(19,709.82)</b> | <b>(14,618.51)</b> | <b>(12,768.35)</b> | <b>(14,010.96)</b> | <b>(17,506.12)</b> |

## Annexure II - Statement of Profit and Loss Account

(₹ in Lacs)

| Particulars   | For the Year ended 31st March |                   |                  |                   |                  |
|---|-------------------------------|-------------------|------------------|-------------------|------------------|
|   | 2012                          | 2011              | 2010             | 2009              | 2008             |
| <b>Revenue</b>  |                               |                   |                  |                   |                  |
| Revenue from Operations   |                               |                   |                  |                   |                  |
| Sales Revenue   | 22,062.02                     | 26,928.25         | 25,748.98        | 20,489.49         | 17,538.40        |
| Less: Excise Duty   | 3,020.06                      | 3,270.48          | 2,612.79         | 2,463.12          | 2,076.04         |
| <b>Revenue from Operations (Net)</b>  | <b>19,041.96</b>              | <b>23,657.77</b>  | <b>23,136.19</b> | <b>18,026.37</b>  | <b>15,462.36</b> |
| <b>Other Income</b>   | <b>2,422.74</b>               | <b>99.14</b>      | <b>107.87</b>    | <b>24.32</b>      | <b>21.91</b>     |
| <b>Total Revenue</b>  | <b>21,464.70</b>              | <b>23,756.91</b>  | <b>23,244.06</b> | <b>18,050.69</b>  | <b>15,484.27</b> |
| <b>Expenses</b>   |                               |                   |                  |                   |                  |
| Cost of Materials Consumed  | 3,532.25                      | 3,466.12          | 2,485.70         | 1,850.31          | 1,335.83         |
| Other Manufacturing Expenses  | 13,147.29                     | 12,843.84         | 11,244.27        | 9,006.96          | 7,694.36         |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 383.52                        | (510.06)          | (281.72)         | (8.35)            | 297.04           |
| Employee benefits Expenses  | 3,081.95                      | 3,065.37          | 2,970.37         | 2,384.21          | 2,254.82         |
| Finance Costs   | 1,123.91                      | 299.79            | 248.33           | 187.83            | 282.55           |
| Depreciation and Amortisation   | 1,467.11                      | 1,380.64          | 1,383.41         | 1,475.75          | 1,338.26         |
| Freight & Selling Expenses  | 2,879.20                      | 4,310.12          | 4,045.41         | 3,811.64          | 2,827.03         |
| Other Expenses  | 558.47                        | 635.59            | 651.90           | 580.30            | 453.21           |
| <b>Total Expenses</b>   | <b>26,173.70</b>              | <b>25,491.41</b>  | <b>22,747.67</b> | <b>19,288.65</b>  | <b>16,483.15</b> |
| <b>Profit before exceptional and extraordinary items and Tax</b>              | <b>(4,709.00)</b>             | <b>(1,734.50)</b> | <b>496.39</b>    | <b>(1,237.96)</b> | <b>(998.83)</b>  |
| <b>Exceptional Items</b>  | -                             | -                 | -                | 1.21              | 316.05           |
| <b>Profit Before Extraordinary Items and Tax</b>                              | <b>(4,709.00)</b>             | <b>(1,734.50)</b> | <b>496.39</b>    | <b>(1,239.17)</b> | <b>(1314.88)</b> |
| <b>Extraordinary Items</b>  | (382.26)                      | (115.65)          | 751.98           | 2787.59           | 1933.69          |
| <b>Profit Before Tax</b>  | <b>(5,091.26)</b>             | <b>(1,850.15)</b> | <b>1,248.37</b>  | <b>1,548.42</b>   | <b>618.81</b>    |
| <b>Tax Expenses:</b>  |                               |                   |                  |                   |                  |
| Current Tax –FBT  | 0.05                          | -                 | 5.77             | 9.27              | 8.75             |
| Deferred Tax  | -                             | -                 | -                | -                 | -                |
| <b>Profit/(Loss)for the period from continuing operations</b>                 | <b>(5,091.31)</b>             | <b>(1,850.15)</b> | <b>1,242.60</b>  | <b>1,539.15</b>   | <b>610.06</b>    |

## Annexure III - Statement of Cash flow Statement

(₹ in Lacs)

| Particulars  | As on 31st March  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2011-12           | 2010-11           | 2009-10           | 2008-09           | 2007-08           |
| <b>Cash flow from Operating activities</b>                 |                   |                   |                   |                   |                   |
| Net Profit/(Loss) before Tax and extra-ordinary Income     | (4,709.05)        | (1,734.50)        | 490.62            | (1,248.44)        | (1,323.63)        |
| <b>Adjustment for</b>                                      |                   |                   |                   |                   |                   |
| Depreciation   | 1,467.11          | 1,380.64          | 1,383.41          | 1,475.75          | 1,338.26          |
| Interest & Finance Charges                                 | 1,123.91          | 299.79            | 248.33            | 187.83            | 282.55            |
| Extra-ordinary Items                                       | (382.26)          | (115.65)          | 751.98            | 2787.59           | 1933.69           |
| <b>Cash flow before Working Capital Changes</b>            | <b>(2,500.30)</b> | <b>(169.72)</b>   | <b>2874.34</b>    | <b>3202.73</b>    | <b>2230.87</b>    |
| Adjustment for   |                   |                   |                   |                   |                   |
| (Increase)/Decrease in Receivables                         | 115.13            | (22.88)           | (254.83)          | 145.57            | (144.70)          |
| (Increase)/Decrease in Inventories                         | 450.51            | 520.73            | (1,583.82)        | (454.69)          | 505.22            |
| (Increase)/Decrease in Loans & Advances                    | 312.57            | 989.78            | 435.14            | (527.81)          | (323.85)          |
| Increase/(Decrease) in Current Liabilities & Provisions    | 3,495.88          | 3,368.22          | (143.12)          | (537.46)          | (1,390.60)        |
|  |                   |                   |                   |                   |                   |
| <b>Net Cash from Operating Activities (A)</b>              | <b>4,374.09</b>   | <b>4,855.85</b>   | <b>(1,546.63)</b> | <b>(1,374.39)</b> | <b>(1,353.93)</b> |
| <b>Cash flow from Investing activities</b>                 |                   |                   |                   |                   |                   |
| (Increase)/Decrease in Fixed Assets inc.WIP                | (249.65)          | (1,315.35)        | (231.28)          | (1,603.09)        | (124.74)          |
| <b>Net Cash from Investing Activities (B)</b>              | <b>(249.65)</b>   | <b>(1,315.35)</b> | <b>(231.28)</b>   | <b>(1,603.09)</b> | <b>(124.74)</b>   |
| <b>Cash flow from Financing activities</b>                 |                   |                   |                   |                   |                   |
| Increase in Share Capital                                  | 0.00              | 0.00              | 0.00              | 1,956.00          | 0.00              |
| Repayments of Debts  | (588.10)          | (2,803.90)        | (1,426.84)        | (1,828.74)        | (808.82)          |
| Interest & Finance Charges Paid                            | (1,123.91)        | (299.79)          | (248.33)          | (187.83)          | (282.55)          |
| (Increase)/Decrease in Non-Current Assets                  | (58.57)           | (9.36)            | (7.02)            | 20.64             | (112.79)          |
| (Increase)/Decrease in Investments                         | -                 | -                 | 250.00            | (250.00)          | 125.00            |
| Increase/(Decrease) in Non-Current Liabilities             | (116.32)          | (696.36)          | 904.95            | 69.21             | 79.06             |
| <b>Net Cash used in Financing Activities (C)</b>           | <b>(1886.89)</b>  | <b>(3,809.41)</b> | <b>(527.24)</b>   | <b>(220.72)</b>   | <b>(1,000.10)</b> |
| <b>Net increase in Cash &amp; Cash equivalents (A+B+C)</b> | <b>(262.75)</b>   | <b>(438.63)</b>   | <b>569.20</b>     | <b>4.53</b>       | <b>(247.90)</b>   |
| <b>Opening Balance</b>                                     | <b>654.12</b>     | <b>1,092.75</b>   | <b>523.55</b>     | <b>519.02</b>     | <b>766.92</b>     |
| <b>Closing Balance</b>                                     | <b>391.37</b>     | <b>654.12</b>     | <b>1,092.75</b>   | <b>523.55</b>     | <b>519.02</b>     |

**Annexure – IV**

**Summary of Significant Accounting Policy and Notes on Account –As Restated**

**1. Significant Accounting Policies:**

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:

- i. 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.
- ii. Depreciation on historical cost is calculated on straight line method in terms of Section 205 (2)(b) read with Section 350 and Schedule XIV of the Companies Act, 1956. In respect of sale/disposal of fixed assets during the year, no depreciation is provided.
- iii. The carrying amounts of Fixed assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the impairment loss is recognized wherever the carrying amount of an assets exceeds its estimated recoverable amount. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.
- iv. Stock of Raw Materials and Work-in-Progress have been valued at weightage average cost or net realizable value, whichever is lower. Stock of Finished Goods has been valued at the lower of the cost or net realisable market value. Stores & Spares are valued at average cost.
- v. Retirement benefits in the form of Gratuity and Leave are determined on actuarial basis at the end of the year.
- vi. Fixed assets are valued at historical cost less depreciation.
- vii. Contingent Liabilities as disclosed, have not been provided for. Other liabilities are accounted for in the year in which the same are determined.
- viii. Revenue Recognition  
Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.  
  
Sale of Goods: Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sales returns and sales tax.  
  
Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.  
  
Dividend: Revenue is recognised when the right to receive is established.
- ix. Expenses are recognised on accrual basis.
- x. 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.
- xi. Occurrences of events after the Balance Sheet date and having material effect on the revenue statements of the year under review have been considered in drawing-up the accounts.
- xii. Company's accounts are being maintained ongoing concern basis.

## 2. Notes on Account

i. **Estimated amounts of Contracts remained to be executed on Capital Account and not provided for (Net of Advance)**

(₹ in Lacs)

| As at March 31 |        |        |        |       |
|----------------|--------|--------|--------|-------|
| 2012           | 2011   | 2010   | 2009   | 2008  |
| 26.53          | 135.10 | 175.08 | 554.61 | 76.19 |

ii. **Claims against the Company not acknowledged as debt**

(₹ in Lacs)

| As at March 31 |        |      |        |        |
|----------------|--------|------|--------|--------|
| 2012           | 2011   | 2010 | 2009   | 2008   |
| 627.00         | 627.00 | -    | 336.53 | 336.53 |

iii. **The depreciation charge for the year excludes amount of depreciation on the increase in the value of fixed assets due to Revaluation**

(₹ in Lacs)

| As at March 31 |         |         |         |         |
|----------------|---------|---------|---------|---------|
| 2012           | 2011    | 2010    | 2009    | 2008    |
| 1410.84        | 1351.26 | 1356.41 | 1455.43 | 1322.33 |

iv. **Deferred Tax Liabilities**

(₹ in Lacs)

| As at March 31 |      |      |      |      |
|----------------|------|------|------|------|
| 2012           | 2011 | 2010 | 2009 | 2008 |
| Nil            | Nil  | Nil  | Nil  | Nil  |

v. **Remuneration of Directors**

(₹ in Lacs)

| Particulars    | 2011-12       | 2010-11       | 2009-10       | 2008-09       | 2007-08      |
|----------------|---------------|---------------|---------------|---------------|--------------|
| Salary         | 94.68         | 84.60         | 67.88         | 57.60         | 54.12        |
| Other Benefits | 67.89         | 62.56         | 50.45         | 41.97         | 33.78        |
| Fees           | 1.85          | 1.55          | 2.15          | 1.75          | 2.10         |
| <b>Total</b>   | <b>164.42</b> | <b>148.71</b> | <b>120.48</b> | <b>101.32</b> | <b>90.00</b> |

vi. **Capacities, Production, Sales and Stocks :**

| Particulars           | 2011-12  |           | 2010-11  |           | 2009-10  |           | 2008-09  |           | 2007-08  |           |
|-----------------------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|                       | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs |
| i) Installed Capacity | 10.00    |           | 10.00    |           | 10.00    |           | 10.00    |           | 10.00    |           |
| ii) Production        | 6.28     |           | 7.61     |           | 6.76     |           | 5.97     |           | 5.39     |           |
| iii) Sales            |          |           |          |           |          |           |          |           |          |           |
| a) Cement             | 6.35     | 21978.50  | 7.62     | 26889.67  | 6.72     | 25704.03  | 5.98     | 20447.30  | 5.35     | 17513.56  |
| b) Clinker            | -        | -         | -        | -         | -        | -         | -        | -         | 0.01     | 18.60     |
| iv) Stocks            |          |           |          |           |          |           |          |           |          |           |
| a) Opening            | 0.12     | 431.47    | 0.14     | 469.41    | 0.10     | 306.30    | 0.12     | 332.15    | 0.08     | 229.64    |
| b) Closing            | 0.05     | 173.09    | 0.12     | 431.47    | 0.14     | 469.41    | 0.10     | 306.30    | 0.12     | 332.15    |

vii. **Raw Materials Consumed – Totally Indigenous :**

| Particulars             | 2011-12  |           | 2010-11  |           | 2009-10  |           | 2008-09  |           | 2007-08  |           |
|-------------------------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|                         | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs | Lac Tons | ₹ in Lacs |
| i) Limestone            | 5.78     | 1823.61   | 6.86     | 3383.03   | 6.41     | 2211.32   | 5.56     | 1494.50   | 4.82     | 1417.51   |
| ii) Gypsum              | 0.17     | 571.30    | 0.20     | 618.52    | 0.21     | 593.86    | 0.18     | 438.10    | 0.11     | 258.57    |
| iii) MillScale/IronOre  | 0.27     | 464.36    | 0.24     | 358.74    | 0.20     | 274.71    | 0.17     | 275.42    | 0.13     | 136.80    |
| iv) Fly Ash             | 1.79     | 2037.36   | 2.46     | 2472.74   | 2.11     | 1424.98   | 1.48     | 981.06    | -        | -         |
| v) Pozzolana            | 0.05     | 2.13      | 0.04     | 9.41      | 0.08     | 12.95     | 0.16     | 4.86      | 0.79     | 424.00    |
| vi) Slag                | -        | -         | -        | -         | -        | -         | -        | -         | 0.84     | 482.65    |
| vii) Limestone Purchase | 0.01     | 10.63     | 0.01     | 6.71      | 0.17     | 177.33    | -        | -         | -        | -         |
| viii) Clinker Purchase  | 0.13     | 446.48    | -        | -         | -        | -         | 0.04     | 143.81    | -        | -         |
| vii) Carbon Black       | -        | -         | -        | -         | -        | 1.87      | -        | 7.06      | -        | 33.81     |

viii. **Value of Imports calculated on CIF basis by the Company :**

| Particulars  | (₹ in Lacs) |         |         |         |         |
|--|-------------|---------|---------|---------|---------|
|  | 2011-12     | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| a) Components & Spare Parts  | 13.42       | 200.86  | 1020.50 | 1143.36 | 0.00    |
| b) Expenditure in Foreign Currency on account of Royalty & know-how, Professional and Consultation fees, Foreign Travel, Interest & Others | 3.44        | 11.02   | 3.73    | 7.52    | 25.04   |
| c) Value of Raw materials Stores, Spares & components consumed:  |             |         |         |         |         |
| i) Indigenous –₹ in Lacs   | 4586.51     | 4415.38 | 4014.84 | 2715.54 | 2291.71 |
| % of Total Consumption   | 98%         | 98%     | 99%     | 100%    | 100%    |
| ii) Imported –₹ in Lacs  | 98.61       | 84.96   | 55.00   | 0.00    | 1.05    |
| % of Total Consumption   | 2%          | 2%      | 1%      | 0%      | 0%      |
| iii) Total –₹ in Lacs  | 4685.12     | 4500.34 | 4069.84 | 2715.54 | 2292.76 |
| % of Total consumption   | 100%        | 100%    | 100%    | 100%    | 100%    |
| Amount remitted during the period in Foreign Currency on account of Dividend   | -           | -       | -       | -       | -       |
| d) Earnings in Foreign Exchanges classified as under:  |             |         |         |         |         |
| i) Export of Goods valued on FOB basis   | -           | -       | -       | -       | -       |
| ii) Royalty know-how, Professional & Consultation fees   | -           | -       | -       | -       | -       |
| iii) Interest & Dividends  | -           | -       | -       | -       | -       |
| iv) Other Income   | -           | -       | -       | -       | -       |

ix. **The actuarial Valuation of Gratuity.****The principal assumptions used in actuarial valuation.**

| Particulars                            | (₹ in Lacs) |         |         |         |         |
|--|-------------|---------|---------|---------|---------|
|  | 2011-12     | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Discount rate                          | 8.50%       | 8.25%   | 7.50%   | 7.50%   | 7.50%   |
| Expected rate of return on assets      | 0.00%       | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Expected rate of salary increase       | 5.00%       | 5.00%   | 5.00%   | 5.00%   | 5.00%   |
| Change in present value of obligations |             |         |         |         |         |
| Present value of obligations as        | 1343.12     | 1279.15 | 1100.96 | 966.98  | 893.04  |
| Interest Cost                          | 114.17      | 105.53  | 89.25   | 77.55   | 69.75   |

|   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| Current Service Cost                                | 65.71          | 64.48          | 63.97          | 55.64          | 49.59          |
| Benefits paid                                       | (99.89)        | (81.10)        | (82.35)        | (67.57)        | (118.44)       |
| Actuarial loss / Gain on obligation                 | (39.24)        | (24.94)        | 107.32         | 68.36          | 73.04          |
| Present value of obligation                         | 1383.87        | 1343.12        | 1279.15        | 1100.96        | 966.98         |
| Change in fair value of plan assets                 | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Liability recognized in Balance sheet               | 2011-12        | 2010-11        | 2009-10        | 2008-09        | 2007-08        |
| Present value of obligations                        | 1383.47        | 1343.12        | 1279.15        | 1100.96        | 966.98         |
| Fair value of plan assets as at the end of the year | -              | -              | -              | -              | -              |
| Funded status (Deficit)                             | 1383.47        | 1343.12        | 1279.15        | 1100.96        | 966.98         |
| Unrecognised Actuarial (Gain) / loss                | -              | -              | -              | -              | -              |
| Net (Liability) recognized in Balance sheet         | 1383.47        | 1343.12        | 1279.15        | 1100.96        | 966.98         |
| Classified as Long Term Provision                   | 1299.85        | 1256.03        | 1198.63        | 1038.88        | 910.68         |
| Classified as Short Term provision                  | 84.02          | 87.09          | 80.52          | 62.08          | 56.30          |

**The actuarial Valuation of Leave wages .**

(₹ in Lacs)

| Particulars   | 2011-12        | 2010-11        | 2009-10        | 2008-09        | 2007-08        |
|---|----------------|----------------|----------------|----------------|----------------|
| Change in present value of obligations              |                |                |                |                |                |
| Present value of obligations                        | 259.15         | 184.66         | 120.28         | 97.34          | 88.80          |
| Interest Cost                                       | 22.03          | 15.23          | 11.44          | 8.16           | 6.98           |
| Current Service Cost                                | 12.59          | 22.73          | 28.08          | 16.26          | 7.16           |
| Benefits paid                                       | (26.47)        | (17.21)        | (7.62)         | (13.84)        | (6.11)         |
| Actuarial loss / Gain on obligation                 | 23.83          | 53.74          | 32.48          | 12.36          | 0.51           |
| Present value of obligation                         | 291.13         | 259.15         | 184.66         | 120.28         | 97.34          |
| Change in fair value of plan assets                 | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| <b>Liability recognized in Balance sheet</b>        | <b>2011-12</b> | <b>2010-11</b> | <b>2009-10</b> | <b>2008-09</b> | <b>2007-08</b> |
| Present value of obligations                        | 291.13         | 259.15         | 184.66         | 120.28         | 97.34          |
| Fair value of plan assets as at the end of the year | -              | -              | -              | -              | -              |
| Funded status (Deficit)                             | 291.13         | 259.15         | 184.66         | 120.28         | 97.34          |
| Unrecognised Actuarial (Gain) / loss                | -              | -              | -              | -              | -              |
| Net (Liability) recognized in Balance sheet         | 291.13         | 259.15         | 184.66         | 120.28         | 97.34          |
| Classified as Long Term Provision                   | 266.33         | 233.96         | 181.17         | 116.54         | 94.31          |
| Classified as Short Term provision                  | 24.80          | 25.19          | 3.49           | 3.74           | 3.03           |

x. **Contingent Liabilities not provided for included in**

(₹ in Lacs)

| Particulars                          | As at 31 <sup>st</sup> March |        |        |        |        |
|--------------------------------------|------------------------------|--------|--------|--------|--------|
|                                      | 2012                         | 2011   | 2010   | 2009   | 2008   |
| BSEB – 33KV - Enhanced Tariff        | 336.53                       | 336.53 | -      | 336.53 | 336.53 |
| BSEB – 132KV - DPS                   | 627.00                       | 627.00 | -      | -      | -      |
| BSEB – 132KV - Fuel Surcharge        | -                            | 450.00 | -      | -      | -      |
| CRA Dues -Interest                   | -                            | 593.56 | 562.33 | 531.09 | 499.86 |
| Interest & Penalty on Sales tax Dues | -                            | 439.25 | 439.25 | 439.25 | 439.25 |
| Unexecuted Capital Commitment        | 26.53                        | 135.10 | 175.08 | 554.61 | 76.19  |
| Cumulative Dividend on Pref.Shares   | 3.55                         | 2.88   | 2.22   | 2.22   | -      |
| Counter Guarantee by Company         | 136.84                       | 132.24 | 141.68 | 147.76 | 48.19  |

- xi. As per the Rehabilitation Scheme sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), the company is eligible for relief on account of VAT reimbursement to the tune

of ₹ 16504 lacs Out of this, the relief amount of ₹ 8755lacs was accounted for in the accounts of the company for the financial year 2010-11 on the basis of the Draft Rehabilitation Scheme circulated by BIFR and in anticipation of the approval of the State Government which was subsequently received. The company will account for the balance relief amount of ₹ 7749 Lacs on the basis of the actual VAT reimbursement amount received from the state Government as reduced by the refund to be made to them on account of the sales tax exemption amount retained by the company. At the end of the scheme period, the total VAT reimbursement amount would be ₹ 16504 lacs.

- xii. The company operates only in one business segment viz cement.
- xiii. The Micro, Small and Medium Enterprises Development Act, 2006 stipulates payment of interest to the “Supplier” defined in the said Act by the buyers. In terms of the said Act, the “Supplier” means a Micro or Small Enterprise which files a Memorandum with any of the five authorities provided therein. The company has sent communications to such parties to ascertain their status regarding filing of Memorandum. No response has, however, been received from the parties following which the company is not in a position to ascertain its statutory liability under the said Act. However, as a measure of abundant precaution, the company has made required provision for interest on dues over 45 days as required under the said Act.
- xiv. As per the Rehabilitation Scheme sanctioned by BIFR, the deferred sales tax dues amounting to ₹ 1710.16 lacs have been rescheduled to be paid (beyond 12 months) over the period of the scheme i.e. 2012-13 to 2014-15.
- xv. 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.
- xvi. 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.
- xvii. In view of erosion of its Net Worth, the company was registered with Board for Industrial and Financial Reconstruction (BIFR) as Sick Company under the provisions of Sick Industrial Companies (Special Provisions) Act,1985. BIFR circulated a Draft Rehabilitation Scheme (DRS) to all the concerned parties for consent, suggestions and objections. On the basis of the approval of the Govt. of Bihar and objections and suggestions received from various parties, BIFR sanctioned the scheme in the hearing held on 24.10.2011 and issued the same vide letter dt. 3.2.2012. The Scheme is under implementation.
- xviii. 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.
- xix. The Company has claimed from BSEB ₹ 2574.25 Lacs at the end of financial year ended 2011-12 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.

**Annexure – V****Note on Adjustments for Restated Financial Statements**

(₹ in Lacs)

| Sl. No.                                     | Particulars                             | Figures appearing in the P&L before restatement | Amount related to prior to the restated period adjusted with opening reserve in financial year 2007-08 | 2011-12         | 2010-11       | 2009-10         | 2008-09         | 2007-08         |
|---|---|---|--|-----------------|---------------|-----------------|-----------------|-----------------|
| 1   | <b>Adjustment</b>                       |   |  |                 |               |                 |                 |                 |
|   | <b>Extra-ordinary Income</b>            |   |  |                 |               |                 |                 |                 |
|   | <b>2007-08</b>                          |   |  |                 |               |                 |                 |                 |
|   | Write back of Sales tax (Ref. Note: i)  | 5,326.33  | 3,392.64   | -               | -             | -               | -               | 1,933.69        |
|   | <b>2010-11</b>                          |   |  |                 |               |                 |                 |                 |
|   | Write back of Sales tax (Ref. Note: ii) | 8,754.71  | 3,392.64   | -               | -             | 1,207.11        | 2,221.27        | 1,933.69        |
|   | <b>Total Extra-ordinary Income (A)</b>  | <b>14,081.04</b>                                | <b>6,785.28</b>  | <b>-</b>        | <b>-</b>      | <b>1,207.11</b> | <b>2,221.27</b> | <b>3,867.38</b> |
|   | <b>Extra-ordinary Expenditure</b>       |   |  |                 |               |                 |                 |                 |
|   | <b>2009-10</b>                          |   |  |                 |               |                 |                 |                 |
|   | Reversal of Sales tax (Ref. Note: ii)   | 7,547.60  | 3,392.64   | -               | -             | -               | 2,221.27        | 1,933.69        |
|   | <b>2011-12</b>                          |   |  |                 |               |                 |                 |                 |
|   | BSEB Liabilities                        | 1,040.32  | 435.42   | 34.12           | 115.65        | 455.13          | -               | -               |
|   | Mining Dues                             | 348.14  | -  | 348.14          | -             | -               | -               | -               |
|   | <b>Total 2011-12 (Ref. Note: iii)</b>   | <b>1,388.46</b>                                 | <b>435.42</b>  | <b>382.26</b>   | <b>115.65</b> | <b>455.13</b>   | <b>-</b>        | <b>-</b>        |
| <b>Total Extra-ordinary Expenditure (A)</b> | <b>8,936.06</b>                         | <b>3,828.06</b>                                 | <b>382.26</b>  | <b>115.65</b>   | <b>455.13</b> | <b>2,221.27</b> | <b>1,933.69</b> |                 |
| <b>Net Impact (A)-(B)</b>                   | <b>5,144.98</b>                         | <b>2,957.22</b>                                 | <b>(382.26)</b>  | <b>(115.65)</b> | <b>751.98</b> | <b>-</b>        | <b>1,933.69</b> |                 |
| 2   | <b>Exceptional Items</b>                |   |  |                 |               |                 |                 |                 |
|   | <b>2008-09</b>                          |   |  |                 |               |                 |                 |                 |
|   | Excise Duty(Ref. Note: iv)              | 316.05  | -  | -               | -             | -               | -               | 316.05          |
| <b>Total Exceptional items</b>              | <b>317.26</b>                           | <b>-</b>  | <b>-</b>   | <b>-</b>        | <b>-</b>      | <b>-</b>        | <b>316.05</b>   |                 |

**Note:**

- The amount of ₹ 5326.33 Lacs which represented the amount on account of Sales Tax exemption and which was written back in the books of accounts of the company for the financial year ending 31<sup>st</sup> March, 2008 pertained to financial years 2004-05, 2005-06, 2006-07 and 2007-08. The same have been appropriated in the accounts of the relevant financial years and the impact taken accordingly.

- ii. Similarly the effect of reversal of exemption amount of sales tax and further write back in keeping with development relating to revival of the company considered earlier respectively in the financial year 2009-10 and 2010-11 has been appropriated in different financial years to which amounts pertained.
- iii. The provision of ₹ 1388.46 Lacs as extraordinary items in the financial year 2011-12 pertained to earlier financial years to the extent of ₹ 1006.2 Lacs and the same have accordingly been appropriated in the relevant financial years.
- iv. The provision of ₹ 316.5 Lacs in the accounts of the company for the financial year 2008-09 was related to financial year 2007-08.

**Annexure – VI**

**Statement of Dividend Paid**

₹ Per Share

| Particulars          | For the Year ended 31 <sup>st</sup> March |      |      |      |      |
|----------------------|---|------|------|------|------|
|                      | 2012                                      | 2011 | 2010 | 2009 | 2008 |
| On Equity Shares     | Nil                                       | Nil  | Nil  | Nil  | Nil  |
| On Preference Shares | Nil                                       | Nil  | Nil  | Nil  | Nil  |

**Annexure – VII**

**Statement of Accounting Ratio**

| Particulars  | 2011-12    | 2010-11    | 2009-10    | 2008-09    | 2007-08    |
|--|------------|------------|------------|------------|------------|
| A. Net Profit/(Loss) as restated – after tax (₹ in Lacs)   | (5091.31)  | (1850.15)  | 1242.60    | 1539.15    | 610.06     |
| B. Net Profit/(Loss) as restated – attributable to equity shareholders (₹ in Lacs)                 | (5091.31)  | (1850.15)  | 1242.60    | 1539.15    | 610.06     |
| C. Net Worth excluding Preference Shares and Revaluation Reserves (₹ in Lacs)                      | (20371.58) | (15280.27) | (13430.11) | (14672.72) | (18167.88) |
| D. (i) Weighted average Number of Equity Shares outstanding during the year / period for Basic EPS | 21249054   | 21249054   | 21249054   | 14550424   | 1689054    |
| (ii) Weighted average Number of Equity Shares outstanding during the year / period for Diluted EPS | 21249054   | 21249054   | 21249054   | 14550424   | 1689054    |
| E. Total Number of Shares outstanding at the end of the year / period                              | 21249054   | 21249054   | 21249054   | 21249054   | 1689054    |
| F.(i) Basic Earnings per share – B/D(i)(₹)   | (23.96)    | (8.71)     | 5.85       | 10.58      | 36.12      |
| (ii) Diluted Earnings per share – B/D (₹)  | (23.96)    | (8.71)     | 5.85       | 10.58      | 36.12      |
| G. Return on net worth –(%)  | -          | -          | -          | -          | -          |
| H. Net Asset Value per equity share – (C/E) (₹)  | (95.87)    | (71.91)    | (63.20)    | (69.05)    | (1075.62)  |

**Notes:**

The above ratios have been computed as under

**Earnings Per Share (Basic )**

Net profit attributable to Equity Shareholders  
Weighted Average number of Equity Shares  
outstanding during the year

**Earnings Per Share (Diluted )**

Net Profit attributable to Equity Shareholders  
Weighted Average number of Diluted Equity Shares  
outstanding during the year

**Return on Net Worth %**  $\frac{\text{Net Profit After Tax}}{\text{Net Worth at the end of the year}}$

**Net Asset Value Per Share (₹)**  $\frac{\text{Net Worth at the end of the year}}{\text{Number of Equity Shares outstanding at the end of the year}}$

**Annexure – VIII****Statement of Capitalisation**

₹ in Lacs

| Particulars                        | As at 31st March 2012 | Post Issue        |
|------------------------------------|-----------------------|-------------------|
| <b>Debt:</b>                       |                       |                   |
| <b>Secured</b>                     |                       |                   |
| Short term debt                    | 3042.21               | 3042.21           |
| Long term debt                     | 8770.22               | 8770.22           |
| <b>Unsecured</b>                   |                       |                   |
| Short term debt                    | 375.20                | 375.20            |
| <b>Total Debt</b>                  | <b>12187.63</b>       | <b>12187.63</b>   |
| <b>Shareholders' Funds:</b>        |                       |                   |
| Share Capital                      | 2787.14               | 3849.60           |
| Reserves & Surplus                 | (22496.95)            | (22496.95)        |
| <b>Total Shareholder's Funds</b>   | <b>(19709.81)</b>     | <b>(18659.81)</b> |
| Long Term Debt/Shareholder's Funds | <b>(0.44)</b>         | <b>(0.47)</b>     |
| Total Debt/Shareholder's Funds     | <b>(0.62)</b>         | <b>(0.65)</b>     |

**Note:**

1. Short term debt represents funds, which are due within twelve months from 31 March, 2012.
2. Long term debt represents debt other than short term debt, as defined above.
3. The Capitalisation Statement, adjusted for rights issue is prepared on the assumption that the proposed rights issue of 1,06,24,527 Equity Shares @ ₹ 10 per share will be subscribed fully.
4. The Reserves has not been adjusted for any issue expenses for the proposed rights issue.

**Annexure –IX****Statement of Long Term Loan & Advances**

(₹ in Lacs)

| Particulars                                   | As at 31 <sup>st</sup> March |               |               |               |               |
|---|------------------------------|---------------|---------------|---------------|---------------|
|   | 2012                         | 2011          | 2010          | 2009          | 2008          |
| Capital Advance                               | 3.87                         | 4.30          | 5.78          | 3.29          | 23.14         |
| Security Deposit to BSEB                      | 273.02                       | 273.02        | 273.02        | 273.02        | 273.02        |
| Security Deposit with Govt. Agencies & Others | 33.78                        | 31.90         | 19.50         | 14.97         | 15.77         |
| Advance to BSEB                               | 272.85                       | 272.85        | 272.85        | 272.85        | 272.85        |
| Advance to Others                             | 77.37                        | 20.25         | 21.80         | 21.80         | 21.80         |
| <b>Total Loans &amp; Advances</b>             | <b>660.89</b>                | <b>602.32</b> | <b>592.95</b> | <b>585.93</b> | <b>606.58</b> |

None of the Long Term Loan & Advances are related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure – X****Statement of Current Investments**

₹ in Lacs

| Particulars               | As at 31 <sup>st</sup> March |         |         |               |         |
|---------------------------|------------------------------|---------|---------|---------------|---------|
|                           | 2011-12                      | 2010-11 | 2009-10 | 2008-09       | 2007-08 |
| Current Investment        | -                            | -       | -       | -             | -       |
| Mutual Fund               | -                            | -       | -       | -             | -       |
| FT India Life Stage Fund  | -                            | -       | -       | 50.00         | -       |
| ABN AMRO Flexi Debt Fund  | -                            | -       | -       | 100.00        | -       |
| LIC MF Floating Rate Fund | -                            | -       | -       | 100.00        | -       |
| <b>Total</b>              | -                            | -       | -       | <b>250.00</b> | -       |

**Annexure – XI****Statement of Trade Receivable**

₹ in Lacs

| Particulars  | As at 31 <sup>st</sup> March |               |               |               |               |
|--|------------------------------|---------------|---------------|---------------|---------------|
|  | 2011-12                      | 2010-11       | 2009-10       | 2008-09       | 2007-08       |
| Sundry Debtors (Unsecured, Considered good, unless otherwise stated) |                              |               |               |               |               |
| Debts outstanding for more than six months                           | 67.67                        | 147.66        | 44.69         | 49.00         | 48.72         |
| Other trade receivables (less than six months)                       | 224.48                       | 259.62        | 339.71        | 80.57         | 226.42        |
| <b>Total</b>   | <b>292.15</b>                | <b>407.28</b> | <b>384.40</b> | <b>129.57</b> | <b>275.14</b> |

None of the trade receivables are related to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure – XII****Statement of Short Term Loan & Advances**

₹ In Lacs

| Particulars                   | As at 31 <sup>st</sup> March |               |                |                |                |
|-------------------------------|------------------------------|---------------|----------------|----------------|----------------|
|                               | 2011-12                      | 2010-11       | 2009-10        | 2008-09        | 2007-08        |
| Short Term Loan               | -                            | -             | -              | -              | -              |
| Advances to Suppliers         | 292.82                       | 637.58        | 1468.48        | 1710.78        | 1399.38        |
| Advance to Employees          | 13.06                        | 18.74         | 17.69          | 22.75          | 22.32          |
| Advance to Others             | 1.44                         | 7.99          | 1.29           | 382.22         | 226.20         |
| Excise Duty Advance           | 100.44                       | 80.79         | 243.55         | 137.18         | 116.25         |
| Income Tax deducted at source | 14.96                        | 12.46         | 53.34          | 1.56           | 3.18           |
| <b>Total</b>                  | <b>422.73</b>                | <b>757.57</b> | <b>1784.36</b> | <b>2254.49</b> | <b>1767.33</b> |

Short Term Loan & Advances related to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors

| Particulars                        | As at 31 <sup>st</sup> March |             |              |               |              |
|------------------------------------|------------------------------|-------------|--------------|---------------|--------------|
|                                    | 2012                         | 2011        | 2010         | 2009          | 2008         |
| Advance to Suppliers               |                              |             |              |               |              |
| Bihar Hotels Ltd.                  | 31.51                        | 0.92        | 8.80         | 4.74          | 0.79         |
| Sintra Ltd.                        | 3.22                         | 3.22        | 6.77         | 108.57        | 68.85        |
| Hind Marketing Corporation (P)Ltd. | -                            | -           | -            | -             | 0.50         |
| Indo Burma Agencies (P)Ltd.        | 0.45                         | -           | -            | -             | -            |
| <b>Total</b>                       | <b>35.18</b>                 | <b>4.14</b> | <b>15.57</b> | <b>113.31</b> | <b>69.60</b> |

**Note:**

Except as disclosed above, none of Short Term Loan & Advances is related to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure – XIII****Statement of Other Current Assets**

₹ in Lacs

| Particulars             | As at 31st March |               |               |               |              |
|-------------------------|------------------|---------------|---------------|---------------|--------------|
|                         | 2011-12          | 2010-11       | 2009-10       | 2008-09       | 2007-08      |
| Prepaid Railway Freight | 38.05            | 26.74         | 23.54         | 24.83         | 23.68        |
| Interest Receivables    | 48.07            | 37.32         | 26.78         | 2.07          | 1.02         |
| Other Receivables       | 11.82            | 11.62         | 8.56          | 7.40          | 13.89        |
| Others                  | -                | 56.27         | 65.46         | 82.05         | 57.43        |
| <b>Total</b>            | <b>97.94</b>     | <b>131.95</b> | <b>124.34</b> | <b>116.35</b> | <b>96.02</b> |

None of Other Current Assets relates to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors

**Annexure – XIV****Statement of Long-Term Borrowing**

₹ in Lacs

| Particulars                               | As at 31 <sup>st</sup> March |                |                 |                 |                 |
|---|------------------------------|----------------|-----------------|-----------------|-----------------|
|   | 2012                         | 2011           | 2010            | 2009            | 2008            |
| Arcil – Debts                             | -                            | -              | 475.00          | 2055.00         | -               |
| Arcil – NCD                               | -                            | -              | -               | -               | 11003.10        |
| Vivid Colors Pvt. Ltd.-NCD                | 8403.85                      | 8803.85        | 9203.85         | 10426.85        | -               |
| Allahabad Bank –NCD                       | -                            | 58.40          | 178.79          | 309.30          | 448.78          |
| Industrial Investment Bank of India – NCD | -                            | 36.00          | 110.52          | 190.90          | 277.04          |
| IFCI – Excise Loan                        | 366.37                       | 549.37         | 732.37          | 852.37          | 972.37          |
| <b>Total Secured Loans</b>                | <b>8770.22</b>               | <b>9447.62</b> | <b>10700.53</b> | <b>13834.42</b> | <b>12701.29</b> |

\* Details of continuing defaults

| Sl. No. | Name of Lenders                                     | Default as on March 31 2012 | Period of Default         |
|---------|---|-----------------------------|---------------------------|
| 1       | Allahabad Bank                                      | 29.50                       | Payable on March 31, 2012 |
| 2       | Industrial Investment Bank of India (IIBI)          | 18.20                       | Payable on March 31, 2012 |
| 3       | Central Excise Loan from Govt. of India (IFCI Ltd.) | 153.00                      | Payable on March 31, 2012 |

**Terms & Condition (Long Term Borrowing outstanding as on March 31, 2012)**

| S. No. | Name of lender                        | Facility                            | Amount Outstanding (as on March 31, 2012) (₹ in Lacs) | Interest Rate  | Repayment Schedule  | Security  |
|--------|---------------------------------------|-------------------------------------|---|--|---|---|
| 1.     | Vivid Colors Private Limited (“VCPL”) | Non-Convertible Debentures (“NCDs”) | 8403.85   | As per the Scheme of Compromise approved by the Hon’ble High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs | Repayable in terms of the Order of the BIFR dated February 3, 2012 as under:<br>₹ 400 Lacs in 2012-13, ₹ 800 Lacs in 2013-14, ₹ 800 Lacs in 2014-15, ₹ 1125 Lacs in 2015-16, ₹ 1125 Lacs in 2016-17, and balance thereafter | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable properties of our Company</li> <li>These NCDs have been sold by VCPL to IFCI Ltd., with a buy back arrangement at the end of one year, for providing a net financial assistance of ₹ 1565 lacs to our company for repayment of dues to Arcil as per the MOU</li> </ul> |

| S. No. | Name of lender                                       | Facility   | Amount Outstanding (as on March 31, 2012) (₹ in Lacs) | Interest Rate  | Repayment Schedule   | Security  |
|--------|--|--|---|--|--|---|
|        |  |  |   |  |  | <i>dated 20.11.2008 between our company and Arcil.</i>  |
| 2.     | Allahabad Bank                                       | Non-Convertible Debentures ("NCDs")                                  | Nil   | As per the Scheme of Compromise approved by the Hon'ble High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs | Repayable in progressively increasing quarterly installments in terms of Scheme of Compromise sanctioned by the Hon'ble High of Calcutta vide its Order dated November 21, 2006 as under: ₹ 36 Lacs for first Qtr, ₹ 34.5Lacs for next 4 Qtrs, ₹ 32 Lacs for next 4 Qtrs, ₹ 29.5 lacs for next 3 Qtrs and ₹ 58.4 lacs for the last Qtr commencing from Quarter ended June 2009   | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable properties of our Company</li> <li>Personal Guarantee of Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha, Promoters of our Company</li> </ul> |
| 3.     | Industrial Investment Bank of India Limited ("IIBI") | Non-Convertible Debentures ("NCDs")                                  | Nil   | As per the Scheme of Compromise approved by the Hon'ble High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs | Repayable in progressively increasing quarterly installments in terms of Scheme of Compromise sanctioned by the Hon'ble High of Calcutta vide its Order dated November 21, 2006 as under: ₹ 22.2 Lacs for first Qtr, ₹ 21.3Lacs for next 4 Qtrs, ₹ 19.7 Lacs for next 4 Qtrs, ₹ 18.2 lacs for next 3 Qtrs and ₹ 36 lacs for the last Qtr commencing from Quarter ended June 2009 | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable properties of our Company</li> <li>Personal Guarantee of Mr. Satyadeva Prakash Sinha and Mr. Sailendra Prakash Sinha, Promoters of our Company</li> </ul>  |
| 4.     | IFCI Limited   | Term Loan of ₹ 2565 lacs pursuant to the Memorandum of Understanding | Nil   | 24.00% p.a   | Repayable within minimum period of six months and maximum period of twelve months from the date of signing of the  | <ul style="list-style-type: none"> <li>VCPL has entered into a Debenture Sale Agreement dated June 28, 2012 with IFCI for sale of 1,10,031 Non-Convertible Debentures (NCDs) of</li> </ul>  |

| S. No. | Name of lender              | Facility   | Amount Outstanding (as on March 31, 2012) (₹ in Lacs) | Interest Rate | Repayment Schedule   | Security  |
|--------|-----------------------------|--|---|---------------|--|---|
|        |                             | dated June 28, 2012 against a margin of ₹ 1000 Lacs                              |   |               | MOU  | ₹ 11,003 lacs, to the extent not redeemed, of our Company secured by way of first pari passu charge on mortgage of properties of our Company with an option to buy back these NCDs.<br>• VCPL entered into Share Pledge Agreement dated June 28, 2012 with IFCI for pledging 55,25,000 nos. of equity shares of our Company owned by VCPL |
| 5.     | Govt. of India through IFCI | Interest free Central Excise Loan pursuant to Loan Agreement dated March 2, 1991 | 366.37  | NIL           | Repayable in progressively increasing yearly installments in terms of the Order of the BIFR dated February 3, 2012 as under: ₹ 120 Lacs for first 2 years and ₹ 183 lacs for the next 4 years commencing from Financial year 2009-10 | Secured by mortgage on all immovable and movable properties of our Company  |
|        |                             | <b>Total</b>   | <b>8770.22</b>  |               |  |   |

## Annexure - XV

## Statement of Other Long Term Liabilities

₹ in Lacs

| Particulars                        | As at 31 <sup>st</sup> March |                |                |                |                |
|------------------------------------|------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2012                         | 2011           | 2010           | 2009           | 2008           |
| Deferred Sales Tax/VAT Liability   | 1200.16                      | 1700.16        | 2040.16        | 2690.45        | 2822.45        |
| Unsecured Loan                     | 200.00                       | 200.00         | 200.00         | 200.00         | 200.00         |
| Priority Debts                     | 650.00                       | 650.00         | 650.00         | 650.00         | 650.00         |
| Advance against Share Application  | -                            | -              | -              | -              | 100.00         |
| Security Deposit & Interest        | 235.82                       | 233.56         | 235.24         | 226.83         | 224.94         |
| Other Long Term Liabilities        | 1304.59                      | 769.03         | 2251.10        | 1651.65        | 1634.76        |
| <b>Total Long Term Liabilities</b> | <b>3590.57</b>               | <b>3552.75</b> | <b>5376.50</b> | <b>5418.93</b> | <b>5632.15</b> |

Other Long Term Liabilities related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors are as follows:

₹ in Lacs

| Particulars                         | As at 31 <sup>st</sup> March |               |               |               |               |
|-------------------------------------|------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2012                         | 2011          | 2010          | 2009          | 2008          |
| <b>Unsecured Loans</b>              |                              |               |               |               |               |
| Hind Marketing Corporation (P )Ltd. | 100.00                       | 100.00        | 100.00        | 100.00        | 100.00        |
| Maurya Management Ltd.              | 100.00                       | 100.00        | 100.00        | 100.00        | 100.00        |
| <b>Total</b>                        | <b>200.00</b>                | <b>200.00</b> | <b>200.00</b> | <b>200.00</b> | <b>200.00</b> |

Except the above, none of the Other Long Term Liabilities are related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure - XVI**

**Statement of Long Term Provision**

₹ in Lacs

| Particulars                   | As at 31 <sup>st</sup> March |                |                |                |                |
|-------------------------------|------------------------------|----------------|----------------|----------------|----------------|
|                               | 2012                         | 2011           | 2010           | 2009           | 2008           |
| Accruing Leave Liabilities    | 266.33                       | 233.96         | 181.17         | 116.54         | 94.31          |
| Accruing Gratuity Liabilities | 1299.85                      | 1256.03        | 1198.63        | 1038.88        | 910.68         |
| <b>Total</b>                  | <b>1566.18</b>               | <b>1489.99</b> | <b>1379.80</b> | <b>1155.42</b> | <b>1004.99</b> |

None of the Long Term Provision is related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure - XVII**

**Statement of Short Term Borrowings**

₹ in Lacs

| Particulars                          | As at 31 <sup>st</sup> March |               |             |          |          |
|--------------------------------------|------------------------------|---------------|-------------|----------|----------|
|                                      | 2012                         | 2011          | 2010        | 2009     | 2008     |
| Loans Repayable on Demand from Banks | 30.20                        | 400.77        | 8.03        | -        | -        |
| Other Loans & Advances               | 345.00                       | 50.00         | -           | -        | -        |
| <b>Total</b>                         | <b>375.20</b>                | <b>450.77</b> | <b>8.03</b> | <b>-</b> | <b>-</b> |

Short Term Borrowings related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors are as follows:

₹ in Lacs

| Particulars                       | As at 31 <sup>st</sup> March |              |          |          |          |
|-----------------------------------|------------------------------|--------------|----------|----------|----------|
|                                   | 2012                         | 2011         | 2010     | 2009     | 2008     |
| <b>Other Loans &amp; Advances</b> |                              |              |          |          |          |
| Bihar Hotels Ltd.                 | 220.00                       | 50.00        | -        | -        | -        |
| <b>Total</b>                      | <b>220.00</b>                | <b>50.00</b> | <b>-</b> | <b>-</b> | <b>-</b> |

Note: Except the above, none of the Short Term Borrowing is related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure - XVIII**

**Statement of Trade Payable**

₹ in Lacs

| Particulars                                | As at 31 <sup>st</sup> March |                |                |                |                |
|--|------------------------------|----------------|----------------|----------------|----------------|
|  | 2012                         | 2011           | 2010           | 2009           | 2008           |
| Sundry Creditors for Supply & Services     | 4718.65                      | 3561.18        | 2465.81        | 2140.10        | 1778.51        |
| Sundry Creditors-Micro & Small Enterprises | 9.32                         | 17.10          | 11.42          | 25.30          | 9.11           |
| <b>Total Trade Payable</b>                 | <b>4727.97</b>               | <b>3578.28</b> | <b>2477.23</b> | <b>2165.40</b> | <b>1787.62</b> |

Trade Payable to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors are as follows:

₹ in Lacs

| Particulars                                       | As at 31 <sup>st</sup> March |      |      |      |      |
|---|------------------------------|------|------|------|------|
|   | 2012                         | 2011 | 2010 | 2009 | 2008 |
| <b>Sundry Creditors for Supply &amp; Services</b> |                              |      |      |      |      |
| Jenson & Nicholson (I)Ltd.                        | 19.19                        | 8.78 | 4.19 | 3.75 | 0.91 |
| Differential Technology Ltd.                      | 1.00                         | 1.00 | 1.00 | 1.00 | 0.41 |
| Eureka Transporters & Traders Ltd.                | 9.63                         | 3.48 | 1.80 | 0.22 | 2.08 |
| Bihar Hotels Ltd.                                 | 33.91                        | 7.79 | 1.20 | -    | 0.92 |

|                            |               |              |              |              |             |
|----------------------------|---------------|--------------|--------------|--------------|-------------|
| Hind Marketing Corporation | 5.01          | 5.31         | 3.69         | 5.13         | 1.94        |
| Sintra Ltd.                | 38.46         | 4.48         | -            | -            | -           |
| Indo-Burma Agencies(P)Ltd. | -             | 0.71         | 0.78         | 0.35         | 0.42        |
| <b>Total</b>               | <b>107.21</b> | <b>31.56</b> | <b>12.66</b> | <b>10.45</b> | <b>6.18</b> |

**Note:**

Except as disclosed above, none of Short Term Loan & Advances is related to Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors.

**Annexure - XIX****Statement of Other Current Liabilities**

₹ in Lacs

| Particulars                                     | As at 31 <sup>st</sup> March |                |                |                |                 |
|---|------------------------------|----------------|----------------|----------------|-----------------|
|   | 2012                         | 2011           | 2010           | 2009           | 2008            |
| Current Maturity of Long Term Debts             | 2955.40                      | 2952.91        | 4503.90        | 2796.85        | 3468.42         |
| Interest accrued & due on Borrowings            | 385.45                       | -              | 1.13           | 1.13           | 168.86          |
| Interest accrued & due on Statutory Liabilities | 365.52                       | -              | -              | 81.60          | -               |
| Unpaid matured Long Term Debts                  | 86.81                        | -              | -              | -              | 2290.30         |
| Other Payables                                  | 9324.18                      | 6645.80        | 5025.49        | 4697.08        | 5358.06         |
| <b>Total Other Current Liabilities</b>          | <b>13117.36</b>              | <b>9598.71</b> | <b>9530.52</b> | <b>7576.66</b> | <b>11285.64</b> |

Other current liabilities payable to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors are as follows:

(₹ in Lacs)

| Particulars                                     | As at 31 <sup>st</sup> March |          |          |          |          |
|---|------------------------------|----------|----------|----------|----------|
|   | 2012                         | 2011     | 2010     | 2009     | 2008     |
| <b>Interest accrued &amp; due on Borrowings</b> |                              |          |          |          |          |
| Bihar Hotels Ltd.                               | 10.53                        | -        | -        | -        | -        |
| <b>Total</b>                                    | <b>10.53</b>                 | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**Note:**

Except the above, none of the other current liabilities is related to the Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors

**Annexure - XX****Statement of Short Term Provision**

₹ in Lacs

| Particulars                   | As at 31 <sup>st</sup> March |               |               |               |               |
|-------------------------------|------------------------------|---------------|---------------|---------------|---------------|
|                               | 2012                         | 2011          | 2010          | 2009          | 2008          |
| Accruing Leave Liabilities    | 24.80                        | 25.19         | 3.49          | 3.74          | 3.03          |
| Accruing Gratuity Liabilities | 84.02                        | 87.10         | 80.52         | 62.08         | 56.30         |
| Bonus                         | 3.82                         | 15.18         | 44.11         | 49.09         | 91.70         |
| <b>Total</b>                  | <b>112.64</b>                | <b>127.47</b> | <b>128.12</b> | <b>114.91</b> | <b>151.03</b> |

**Annexure - XXI****Statement of Other Income**

₹ In Lacs

| Particulars   | For the Year ended 31 <sup>st</sup> March |              |               |              |              |
|---|---|--------------|---------------|--------------|--------------|
|   | 2012                                      | 2011         | 2010          | 2009         | 2008         |
| VAT Reimbursement   | 2344.00                                   | -            | -             | -            | -            |
| Interest Income   | 16.43                                     | 24.42        | 36.06         | 11.56        | 9.92         |
| Income from Mutual Fund -<br>Appreciation on redemption of Investment | -   | -            | 8.96          | 4.69         | 4.99         |
| Other non-operating Income  | 62.31                                     | 74.72        | 62.85         | 8.07         | 7.01         |
| <b>Total Other Income</b>   | <b>2422.74</b>                            | <b>99.14</b> | <b>107.87</b> | <b>24.32</b> | <b>21.92</b> |

**Annexure –XXII****Statement of Tax Shelter**

(₹ in Lacs)

| Particulars   | For the year ended March 31 |                 |                   |                 |                 |
|---|-----------------------------|-----------------|-------------------|-----------------|-----------------|
|   | 2012                        | 2011            | 2010              | 2009            | 2008            |
| <b>Profit Before Tax</b>  | (6,097.46)                  | 7,020.21        | (7,051.21)        | 1,232.37        | 4,327.50        |
| Tax rates applicable (%)  | 32.45                       | 33.22           | 33.99             | 33.99           | 33.99           |
| <b>Tax at applicable rates (A)</b>                                    | <b>(1,978.63)</b>           | <b>2,332.11</b> | <b>(2,396.70)</b> | <b>418.88</b>   | <b>1,470.92</b> |
| <b>Adjustments:</b>   |                             |                 |                   |                 |                 |
| <b>Permanent Differences</b>  | -                           | -               | -                 | -               | -               |
| <b>Total (B)</b>  | -                           | -               | -                 | -               | -               |
| <b>Timing Differences</b>   |                             |                 |                   |                 |                 |
| Difference between tax and book depreciation                          | 893.21                      | 887.04          | 958.84            | 1,129.70        | 1,112.94        |
| Other Expenses Disallowed   | 813.28                      | 263.68          | (306.53)          | 328.06          | (43.59)         |
| <b>Total ( C )</b>  | <b>1,706.49</b>             | <b>1,150.72</b> | <b>652.30</b>     | <b>1,457.76</b> | <b>1,069.35</b> |
| <b>Net Adjustments (B+C)</b>  | <b>1,706.49</b>             | <b>1,150.72</b> | <b>652.30</b>     | <b>1,457.76</b> | <b>1,069.35</b> |
| <b>Tax Expense/(Savings) thereon (D)</b>                              | <b>553.76</b>               | <b>382.27</b>   | <b>221.72</b>     | <b>495.49</b>   | <b>363.47</b>   |
| <b>Adjustment of Unabsorbed Losses / Depreciation Carried Forward</b> | <b>(4,390.97)</b>           | <b>8,170.94</b> | <b>(6,398.90)</b> | <b>2,690.12</b> | <b>5,396.85</b> |
| <b>Total Current Tax (A+D)</b>  | <b>Nil</b>                  | <b>Nil</b>      | <b>Nil</b>        | <b>Nil</b>      | <b>Nil</b>      |

**Note:**

- The statement of tax shelter has been prepared based on returns of income filed by the Company with the Income tax authorities, except for the year ended March 31, 2012 and not based on restated.
- The figures for year ended March 31, 2012 are based on provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year

**Annexure –XXIII****Statement of Related Party Transactions**

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

## A. Related Party relationships:

| Description of Party                  | Relationship  |
|---------------------------------------|---|
| Mr. Satyadeva Prakash Sinha           | Executive Chairman – Key Management Personnel                                       |
| Mr. Shailendra Prakash Sinha          | Managing Director – Key Management Personnel  |
| Mr. Anant Prakash Sinha               | Joint Managing Director – Key Management Personnel                                  |
| Mr. Siddharth Prakash Sinha           | Executive Director –Key Management Personnel  |
| Mrs. S.M.Devi                         | Relative of Key Management Personnel  |
| Mrs. Renuka Sinha                     | Relative of Key Management Personnel  |
| Mrs. Mukta Sinha                      | Relative of Key Management Personnel  |
| Mr. Aditya Prakash Sinha              | Relative of Key Management Personnel  |
| Mr.Mayank Prakash Sinha               | Relative of Key Management Personnel  |
| Mr.Tanuj Prakash Sinha                | Relative of Key Management Personnel  |
| Ms. Ratika Sinha                      | Relative of Key Management Personnel  |
| Mrs. Nishka Sinha                     | Relative of Key Management Personnel  |
| Maurya Management Pvt.Ltd.            | Enterprise under common control   |
| Elate Investments & Holdings Pvt.Ltd. | Significant Interest in the Company (Holding 25.51% in the Company's Share Capital) |

|                        |  |
|------------------------|--|
| Vivid Colors Pvt. Ltd. | Strategic Investor under the Scheme of Compromise approved by the Hon'ble Calcutta High Court, having significant voting power (48%) of the Company. |
|------------------------|--|

B. Summary of Transactions:

(₹ in Lacs)

| Name of transacting Related Party      | Description of Relationship   | Nature of Transaction      | Amount of transaction |         |         |         |         |
|--|---|----------------------------|-----------------------|---------|---------|---------|---------|
|  |   |                            | 2011-12               | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Mr. Satyadeva Prakash Sinha            | Key Management Personnel  | Remuneration               | 55.34                 | 50.46   | 40.99   | 37.48   | 32.25   |
| Mr. Shailendra Prakash Sinha           | Key Management Personnel  | Remuneration               | 55.92                 | 49.79   | 41.15   | 34.83   | 31.79   |
| Mr. Anant Prakash Sinha                | Key Management Personnel  | Remuneration               | 51.32                 | 46.91   | 36.20   | 27.29   | 23.86   |
| Mr. Siddharth Prakash Sinha            | Key Management Personnel  | Remuneration               | 39.00                 | 37.02   | 31.68   | 21.67   | 17.54   |
| Maurya Management Pvt.Ltd.             | Enterprise under common control   | Inter corporate Loan       | -                     | -       | -       | -       | -       |
| Elate Investments & Holdings Pvt. Ltd. | Significant Interest in the Company (Holding 25.51% in the Company's Share Capital) |                            | -                     | -       | -       | -       | -       |
| Vivid Colors Pvt. Ltd.                 | Strategic Investor  | Interest on Priority Debts | 58.50                 | 58.50   | 58.50   | 79.00   | 71.40   |
| Vivid Colors Pvt. Ltd.                 | Strategic Investor  | Non-Convertible Debentures | 361.00                | 1223.00 | 701.25  | -       | -       |

C. Summary of Transactions:

(₹ in lacs)

| Name of transacting Related Party | Description of Relationship | Nature of Transaction | Amount outstanding as on |         |         |         |         |
|-----------------------------------|-----------------------------|-----------------------|--------------------------|---------|---------|---------|---------|
|                                   |                             |                       | 2011-12                  | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Mr. Satyadeva Prakash Sinha       | Key Management Personnel    | Remuneration          | 4.40                     | 4.00    | 4.00    | 2.88    | 2.56    |
| Mr. Shailendra Prakash Sinha      | Key Management Personnel    | Remuneration          | 4.56                     | 4.12    | 4.13    | 2.92    | 2.58    |
| Mr. Anant Prakash Sinha           | Key Management Personnel    | Remuneration          | 4.21                     | 3.70    | 3.70    | 2.24    | 1.89    |
| Mr. Siddharth Prakash Sinha       | Key Management Personnel    | Remuneration          | 3.35                     | 3.15    | 2.67    | 1.81    | 1.55    |
| Maurya                            | Enterprise under            | Inter                 | 100.00                   | 100.00  | 100.00  | 100.00  | 100.00  |

|                                       |   |                            |         |         |          |          |        |
|---------------------------------------|---|----------------------------|---------|---------|----------|----------|--------|
| Management Pvt.Ltd.                   | common control  | corporate Loan             |         |         |          |          |        |
| Elate Investments & Holdings Pvt.Ltd. | Significant Interest in the Company (Holding 25.51% in the Company's Share Capital) |                            | -       | -       | -        | -        | -      |
| Vivid Colors Pvt. Ltd.                | Strategic Investor  | Interest on Priority Debts | 650.00  | 650.00  | 650.00   | 650.00   | 650.00 |
| Vivid Colors Pvt. Ltd.                | Strategic Investor  | Non-Convertible Debentures | 8842.85 | 9203.85 | 10426.85 | 11003.10 | -      |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear on page 123 of the Draft Letter of Offer. You are also advised to read the Section titled "Risk Factors" on page 11 of the Draft Letter of Offer, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward-Looking Statements" on pages 11 and 10, respectively.*

### OVERVIEW

Our Company is engaged in the manufacturing of Portland Pozzolana Cement at Banjari in Rohtas District of the state of Bihar. Our Company is in the business of manufacturing Cement for over 65 years. Our plant is situated on around 115 acres of freehold land and has annual capacity of one million ton. We are accredited with the ISO 9001:2008 from P.C. Management System Private Limited (JAS-ANZ) for production and supply of cement. Our Company set up the 1<sup>st</sup> Cement plant in the year 1946 with a modest capacity of 46,000 metric tons and the production capacity was increased from time to time as under:

| Year | Description                                  | Total Capacity (MTPA) |
|------|--|-----------------------|
| 1946 | 1 <sup>st</sup> Cement Plant                 | 46,000                |
| 1958 | Installation of 2 <sup>nd</sup> Cement Plant | 1,46,000              |
| 1968 | Installation of 3 <sup>rd</sup> Cement Plant | 3,46,000              |
| 1980 | Capacity Expansion                           | 4,80,000              |
| 1991 | Dry Process Plant #                          | 10,00,000             |

# The first four manufacturing capacities created upto 1980 were replaced by a dry process manufacturing plant of one million tons in 1991. The commercial production from the dry process plant started on March 18, 1994. The new plant was set up through an IBRD line of credit and in collaboration with one of the world's largest cement manufacturers namely, Holderbank (now Holcim).

Our Company was incorporated as a public limited company in the state of West Bengal in the name and style of KalyanpurLime & Cement Works Limited under the Companies Act, 1913 on August 11, 1937 and our company obtained a certificate of commencement of business on November 9, 1937.

The initial teething problems, after commencement of commercial production in March, 1994 delayed substantially the stabilization of the plant, till 1996 and subsequently, various other factors like decrease in cement prices, increase in input costs, shortage of working capital, poor road, non-availability of mining lease and huge spending on expensive mines affected adversely our company's operational and financial performance, as a result of which, our Company incurred losses and its networth was fully eroded as at December 31, 2000 whereupon it had to be referred to BIFR on March 21, 2001. Our Company was declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985. IFCI Ltd. was appointed as Operating Agency by the Board for Industrial & Financial Reconstruction (BIFR). Subsequently five of the seven Financial Institutions (FIs) and Banks (representing over 94% of the total secured debts of our company) assigned their debts to an Asset Reconstruction Company namely Asset Reconstruction Company (India) Ltd. (ARCIL), pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and enforcement of Securities Interest Act, 2002. Thereafter, our Company, our shareholders and secured creditors formulated a Scheme of compromise under section 391 of the Companies Act, 1956 involving reliefs and concessions from shareholders and secured creditors. The scheme of compromise was duly approved by shareholders and secured creditors and was sanctioned by the Hon'ble Calcutta High Court on November 21, 2006. Further, the BIFR by its order dated February 3, 2012 (Case No. 155/2001- Kalyanpur Cements Limited) sanctioned a Revival scheme for rehabilitation of our Company as it had been declared a sick industrial company in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 ("Scheme of Rehabilitation") on May 28, 2002.

The cost of rehabilitation as per the Scheme of Revival was ₹ 460.49 crores. This cost was financed/to be financed by Priority Debts (from M/s Vivid Colours Private Limited) of ₹ 6.50 crores, issue of fresh capital to Vivid Colours Private Limited for an amount of ₹ 8.50 crores, Unsecured Loan from promoters for an amount of ₹ 2 crores, Subsidy for Captive Power Plant of ₹ 35 crores, exemption from Electricity Duty of ₹ 11.25 crores, 80% VAT Re-imburement of ₹ 165.04 crores, Loan from promoters/ Vivid Colours Private Limited for an amount of ₹ 40 crores and internal accruals of ₹ 192.21 crores along with certain reliefs and concessions granted in accordance with the Scheme of Rehabilitation. The Scheme of Rehabilitation is under implementation and the same shall be implemented fully by the end of financial year 2016-17.

## **FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

There are several factors which may affect our Company's operations. Some of the most important factors are given below:

- **Demand for Cement**

The demand for cement in a large way is dependent on housing and construction industry and other Infrastructure related projects. The Government's focus on and sustained increase in budgetary allocation for the infrastructure sector and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation, together with international and multilateral development financial institutions for infrastructure projects in this region have resulted in or is expected to result in several large infrastructure projects in this region. Our Company's ability to benefit from the considerable investments proposed in the infrastructure sector in the medium and long term will be key to our Company results of operations. The demand for cement is thus dependent on fresh investment incurred in such projects. Setting up new cement manufacturing capacity requires significant capital expenditure and time. Any surplus of demand over supply may result in increase in cement prices and thus higher realization for per unit of cement produced, thus increasing our future profits. Significant slowdown in demand, however, may result in lower dispatches and thus, lower revenues earned for our Company.

- **Availability of raw materials**

Limestone is the primary raw material used in the production of cement. Our Company currently has mining rights for our Mines, located adjacent to our Plant. Limestone extracted from the Mines is currently sufficient for the requirement of limestone for our Plant. However, in case we are not able to extract the required quantities of limestone from the mines, we may have to procure it from other sources. Further, our company also uses Meghalaya Coal. Mineral gypsum is available from Rajasthan deposit through Rajasthan State Mines & Minerals Limited as well as from Bhutan and Chemical Gypsum being a bye-product of fertilizer plant is available from the fertilizer plants. Mill scale / Iron ore is an ingredient for clinker manufacture to provide requisite iron content in clinker. While Mill scale is the scrap of rolling mills, iron ore is a mineral and these two items could alternatively be used for clinker manufacture. Although mill scale is not available in desired quantity due to export potential of the material, iron ore is available in desired quantity. Another important material is fly ash which is blended with ground clinker and the same is available from power plants situated in the vicinity of about 200-250 K.M. In case we are not able to enter into long-term agreements for purchase of raw material, it may hamper our production, and thus reduce our profitability.

- **Power and fuel costs**

Cost of power and coal generally comprises the largest portion of our company's manufacturing expenses. Fuel (Oil) costs also affect the cost of production to significant extent in terms of its impact on transportation and handling of mining equipments for extraction of Limestone. Fluctuations in the prices of fuel oil, coal and power therefore have a significant direct impact on results of Company's operations. Our Company sources power from the Bihar State Electricity Board, which has increased its tariffs in recent years. Coal prices in India are set by Government agencies and have increased significantly in recent years, generally reflecting increased worldwide demand. Majority of the annual coal requirement of our Company is presently sourced from open market although our company has coal linkage with Central Coalfields Ltd., a subsidiary of Coal India Ltd. Our Company plans to procure a part of its coal requirement against linkage in near future after completion of certain formalities and arrangement of requisite finance. As such, our Company is directly exposed to the risk of increase in coal prices by the Government agencies. Any deterioration in the quality of coal supplied to our

Company may adversely impact its ability to manufacture cement to acceptable yield levels and quality standards and may have an adverse effect on our operations.

- **Seasonality**

Demand for cement is seasonal as climatic conditions, particularly the monsoon, affect the level of activity in the construction industry. As a result, cement manufacturers experience a reduction in sales of cement during monsoons, and somewhat stronger sales post monsoons. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

- **Availability of Funds**

We have high working capital requirements and also require funds for replacement and repairs to our plant. In future, we propose to set up a captive power plant which would also entail significant capital expenditure. If we experience insufficient cash flows or are unable to obtain the necessary funds to allow us to make required payments of our debt or fund working capital requirements, there may be an adverse effect on our results of operations. In addition, increase in market interest rates may increase the cost of our borrowings and could adversely affect our results of operation

- **Increasing competition in Cement Industry**

The cement industry in India is highly fragmented and competitive. Our competitors are larger than we are, may have more diversified, may have operations across India, may have greater financial resources, may have access to a cheaper cost of capital and may be able to produce cement more efficiently or may invest larger amounts of capital into their businesses. Our business could be adversely affected if we are unable to compete with our competitors and sell cement at comparable prices. For example, if any of our current or future competitors develops more efficient production facilities, enabling them to produce cement and clinker at a significantly lower cost and sell at lower prices than us, we may be required to lower the prices we charge for our products and our business and results of operations could be adversely impacted. For further details of competition in the cement business, please refer to the section “**Our Business**” on page 66 of the Draft Letter of Offer.

- **Taxation**

The Government of India may from time to time implement new policies using economic or administrative means to regulate the cement industry. Examples of such measures include imposing import restrictions and customs duties on imported cement, granting tax concessions for setting up new manufacturing plants, allocating GoI and State Government funding for public infrastructure programs and providing preferential coal prices to cement manufacturers. In particular, policies related to tax rates and incentives have had a material impact on the cement industry in the past. Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on cement are excise duty and sales tax or value added tax.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements of Kalyanpur Cements Limited 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. Our Management makes reasonable estimates and assumptions which help prepare the accounts giving true and fair view of the financial position of our Company. The significant accounting policies are described as below:

- xiii. 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.
- xiv. Depreciation on historical cost is calculated on straight line method in terms of Section 205 (2)(b) read with Section 350 and Schedule XIV of the Companies Act, 1956. In respect of sale/disposal of fixed assets during the year, no depreciation is provided.

- xv. The carrying amounts of Fixed assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the impairment loss is recognized wherever the carrying amount of an assets exceeds its estimated recoverable amount. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.
- xvi. Stock of Raw Materials and Work-in-Progress have been valued at weightage average cost or net realizable value, whichever is lower. Stock of Finished Goods has been valued at the lower of the cost or net realisable market value. Stores & Spares are valued at average cost.
- xvii. Retirement benefits in the form of Gratuity and Leave are determined on actuarial basis at the end of the year.
- xviii. Fixed assets are valued at historical cost less depreciation.
- xix. Contingent Liabilities as disclosed, have not been provided for. Other liabilities are accounted for in the year in which the same are determined.
- xx. Revenue Recognition
- Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.
- Sale of Goods: Revenue from sale of goods is recognised when the significant risks and / rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sales returns and sales tax.
- Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.
- Dividend: Revenue is recognised when the right to receive is established.
- xxi. Expenses are recognised on accrual basis.
- xxii. 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.
- xxiii. Occurrences of events after the Balance Sheet date and having material effect on the revenue statements of the year under review have been considered in drawing-up the accounts.
- xxiv. Company's accounts are being maintained ongoing concern basis.

## **RESULT OF OPERATIONS**

Components of our income and expenditure are as follow:

### **Income**

Our total income comprises i) Revenue from Operation and (ii) Other income.

#### **(i) Revenue from operation**

Our revenue from operations primarily is derived from sales of cement produced by our Company. It is net of excise duty.

#### **(ii) Other income**

Other income comprises reimbursement of value added tax, interest received on bank deposits, income distribution on certain investments and miscellaneous income.

## **Expenditure**

Our expenditure comprises (i) Cost of Materials Consumed; (ii) Other Manufacturing Expenses; (iii) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade; (iv) Employee Benefits Expenses; (v) Freight & Selling Expenses; (vi) Other Expenses; (vi) Depreciation and Amortisation and (viii) Finance Costs.

### **(i) Cost of Material Consumed**

Cost of material consumed are the cost of materials consumed in the production of cement such as (i) Gypsum, (ii) Fly Ash, (iii) Iron Ore, (iv) Clinker (occasionally purchased), (v) Lime Stone and (vi) Pozzolana.

### **(ii) Other Manufacturing Expenses**

Other manufacturing expenses include expenses related to our manufacturing process such as (i) Power & Fuel; (ii) Consumption of Stores & Spare Parts; (iii) Consumption of Packing Materials; (iv) Repairs to Buildings, Machinery and other repairs; (v) Mining Equipment Handling Charges; (vi) Royalty & Cess; and (vii) Freight & Transport Charges.

### **(iii) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade**

A change in Inventories of Finished Goods, Work in Progress and Stock in Trade arises on account of change in inventory levels lying in our manufacturing facilities and warehouses

### **(iv) Employee Benefits Expense**

Employee benefits expenses include (i) Salaries and Wages; (ii) Bonus and Leave Wages payments to the employees of our Company; (iii) Salaries paid to Directors (iv) Contributions made to provident and superannuation funds and (v) expenses relating to staff welfare.

### **(v) Freight & Selling Expense**

Freight & Selling Expense includes cost of outward freight, handling expenses, other sales and marketing related expenses incurred by our Company.

### **(vi) Other Expenses**

Other expenses principally consist of expenses relating to Rent, Insurance costs, Rates & Taxes, Auditor remuneration, Travelling expenses, legal and other administrative expenses.

### **(vii) Depreciation and Amortization Expenses**

Depreciation primarily relates to our plant & machinery, office equipments, vehicles, furniture and fixtures, railway siding etc and is calculated on straight line method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

### **(viii) Finance Expenses**

Finance expenses principally consist of interest on borrowings, interest on statutory and other dues.

## **RESULTS OF OPERATIONS**

The following discussion on the operations and financial performance is based on our restated financial statements for the Financial Years 2011-12, 2010-11, 2009-10 and 2008-09. The same should be read in conjunction with the restated audited financial results of our Company for the years ended 31<sup>st</sup> March 2012, 2011, 2010 and 2009.

(₹ in Lacs)

| Particulars  | Year Ended        |                |                   |               |                  |               |                   |               |
|--|-------------------|----------------|-------------------|---------------|------------------|---------------|-------------------|---------------|
|  | March 31,         | % of           | March 31,         | % of          | March 31,        | % of          | March 31,         | % of          |
|  | 2012              | Total Income   | 2011              | Total Income  | 2010             | Total Income  | 2009              | Total Income  |
| <b>Revenue</b>   |                   |                |                   |               |                  |               |                   |               |
| <b>Revenue from Operations (Net)</b>   | 19,041.96         | 88.71          | 23,657.77         | 99.58         | 23,136.19        | 99.54         | 18,026.37         | 99.87         |
| Other Income   | 2,422.74          | 11.29          | 99.14             | 0.42          | 107.87           | 0.46          | 24.32             | 0.13          |
| <b>Total (A)</b>   | <b>21,464.70</b>  | <b>100.00</b>  | <b>23,756.91</b>  | <b>100.00</b> | <b>23,244.06</b> | <b>100.00</b> | <b>18,050.69</b>  | <b>100.00</b> |
| <b>Expenditure</b>   |                   |                |                   |               |                  |               |                   |               |
| Cost of Materials Consumed   | 3,532.25          | 16.46          | 3,466.12          | 14.59         | 2,485.70         | 10.69         | 1,850.31          | 10.25         |
| Other Manufacturing Expenses   | 13,147.29         | 61.25          | 12,843.84         | 54.06         | 11,244.27        | 48.37         | 9,006.96          | 49.90         |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade                  | 383.52            | 1.79           | (510.06)          | (2.15)        | (281.72)         | (1.21)        | (8.35)            | (0.05)        |
| Employee benefits Expenses   | 3,081.95          | 14.36          | 3,065.37          | 12.90         | 2,970.37         | 12.78         | 2,384.21          | 13.21         |
| Freight & Selling Expenses   | 2,879.20          | 13.41          | 4,310.12          | 18.14         | 4,045.41         | 17.40         | 3,811.64          | 21.12         |
| Other Expenses   | 558.47            | 2.60           | 635.59            | 2.68          | 651.90           | 2.80          | 580.30            | 3.21          |
| <b>Total (B)</b>   | <b>23,582.68</b>  | <b>109.87</b>  | <b>23,810.98</b>  | <b>100.23</b> | <b>21,115.93</b> | <b>90.84</b>  | <b>17,625.07</b>  | <b>97.64</b>  |
| <b>Profit/(Loss) before Interest, Depreciation, Taxation and Extra Ordinary Expenses (A-B)</b> | <b>(2,117.98)</b> | <b>(9.87)</b>  | <b>(54.07)</b>    | <b>(0.23)</b> | <b>2,128.13</b>  | <b>9.16</b>   | <b>425.62</b>     | <b>2.36</b>   |
| Depreciation and Amortisation  | 1,467.11          | 6.83           | 1,380.64          | 5.81          | 1,383.41         | 5.95          | 1,475.75          | 8.18          |
| Finance Costs  | 1,123.91          | 5.24           | 299.79            | 1.26          | 248.33           | 1.07          | 187.83            | 1.04          |
| <b>Total (C)</b>   | <b>2,591.02</b>   | <b>12.07</b>   | <b>1,680.43</b>   | <b>7.07</b>   | <b>1,631.74</b>  | <b>7.02</b>   | <b>1,663.58</b>   | <b>9.22</b>   |
| <b>Profit/(Loss) Before Taxation, Exceptional &amp; Extraordinary Item (A-B-C)</b>             | <b>(4,709.00)</b> | <b>(21.94)</b> | <b>(1,734.50)</b> | <b>(7.30)</b> | <b>496.39</b>    | <b>2.14</b>   | <b>(1,237.96)</b> | <b>(6.86)</b> |
| Exceptional Item (D)   | -                 | -              | -                 | -             | -                | -             | 1.21              | 0.01          |
| <b>Profit before Extraordinary Items and Tax</b>   | <b>(4,709.00)</b> | <b>(21.94)</b> | <b>(1,734.50)</b> | <b>(7.30)</b> | <b>496.39</b>    | <b>2.14</b>   | <b>(1,239.17)</b> | <b>(6.86)</b> |
| Extraordinary Items (E)  | (382.26)          | (1.78)         | (115.65)          | (0.49)        | 751.98           | 3.24          | 2,787.59          | 15.44         |
| <b>Profit Before Tax (A-B-C-D-)</b>  | <b>(5,091.26)</b> | <b>(23.72)</b> | <b>(1,850.15)</b> | <b>(7.79)</b> | <b>1,248.37</b>  | <b>5.37</b>   | <b>1,548.42</b>   | <b>8.58</b>   |

|  |                   |                |                   |               |                 |             |                 |             |
|--|-------------------|----------------|-------------------|---------------|-----------------|-------------|-----------------|-------------|
| E)   |                   |                |                   |               |                 |             |                 |             |
| Current Tax – FBT                                    | 0.05              | 0.00           | -                 | -             | 5.77            | 0.02        | 9.27            | 0.05        |
| Deferred Tax   | -                 | -              | -                 | -             | -               | -           | -               | -           |
| <b>Total (F)</b>                                     | <b>0.05</b>       | <b>0.00</b>    | <b>-</b>          | <b>-</b>      | <b>5.77</b>     | <b>0.02</b> | <b>9.27</b>     | <b>0.05</b> |
| <b>Net Profit / (Loss) as Restated (A-B-C-D-E-F)</b> | <b>(5,091.31)</b> | <b>(23.72)</b> | <b>(1,850.15)</b> | <b>(7.79)</b> | <b>1,242.60</b> | <b>5.35</b> | <b>1,539.15</b> | <b>8.53</b> |

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2012 WITH FINANCIAL YEAR ENDED MARCH 31, 2011

### Revenue from Operation

Revenue from operations for the financial year ended March 31, 2012 was at ₹ 19,041.96 Lacs as against the total of ₹ 23,657.77 Lacs for the fiscal 2011, a decrease of 19.51% on account of reduction in sales. Such reduction in sales was due to a decrease in production of cement as our plant was shut for nearly two months for carrying on the necessary repair work to our Kiln, the clinker manufacturing plant.

### Other Income

Other income has increased from ₹ 99.14 Lacs in financial year ended March 31, 2011 to ₹ 2,422.74 Lacs in financial year ended March 31, 2012. The increase was primarily on account of Value Added Tax reimbursement of ₹ 2,344 Lacs from the Govt. of Bihar.

### Total Expenditure

Total expenses comprise Cost of Materials Consumed, Other Manufacturing Expenses, Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade, Employee Benefits Expense, Freight & Selling Expenses, Other Expenses, Depreciation and Amortisation and Finance Costs. Our total expenses increased by 2.68% to ₹ 26,173.69 lacs for the Fiscal 2012 from ₹ 25,491.41 lacs for the Fiscal 2011. The primary reason for the increase was an increase in finance cost by ₹ 824.12 lacs, amounting to ₹ 1123.91 lacs for the Fiscal 2012 as compared to ₹ 299.79 lacs for the Fiscal 2011.

### Cost of Materials Consumed

Cost of Materials Consumed marginally increased by 1.91% from ₹ 3466.12 lacs in Fiscal Year 2011 to ₹ 3532.25 lacs in Fiscal Year 2012. The cost of material consumed as a percentage of total income increased from 14.59% to 16.46% for Fiscal Year 2012.

### Other Manufacturing Expenses

Other manufacturing expenses increased by 2.36% from ₹ 12,843.84 lacs in Fiscal Year 2011 to ₹ 13,147.29 lacs in Fiscal Year 2012. The other manufacturing expenses as a percentage of total income increased from 54.06% to 61.25% for Fiscal Year 2012. The increase was mainly on account of increase in power and fuel cost from ₹ 7482.01 lacs in fiscal 2011 to ₹ 9205.67 lacs in fiscal 2012.

### Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade

Our inventory of finished goods, work in progress and stock in trade for the fiscal year 2012 has decreased by ₹ 383.52 lacs, primarily on account of sale of cement being higher than cement production.

### Employee Benefit Expenses

Employee benefit expenses marginally increased by 0.54% from ₹ 3,065.37 lacs in fiscal year 2011 to ₹ 3081.95 lacs in the fiscal year 2012.

### **Freight & Selling Expenses**

Freight and selling expenses decreased by 33.20 % from ₹ 4310.12 lacs to ₹ 2879.20 lacs. The decrease was mainly on account of lower despatches due to lower production of cement.

### **Other Expenses**

Other expenses decreased from ₹ 635.59 lacs in the fiscal year 2011 to ₹ 558.47 lacs during the fiscal year 2012 showing decrease of 12.13% mainly on account of decrease in rent paid, sales commission and consultation fees. .

### **Depreciation & Amortization Expenses**

Our depreciation and amortization expenses increased by 6.26% to ₹ 1,467.11 lacs for fiscal year 2012 from ₹1,380.64 lacs for fiscal year 2011. This was mainly on account of addition in plant & machinery and increase in amortization expenses.

### **Finance Expenses**

Our finance expenses increased considerably by 274.90% to ₹ 1,123.91 lacs for fiscal year 2012 from ₹ 299.79 lacs for fiscal year 2011. This was mainly due to increase in interest on borrowings and interest on dues to BSEB and other statutory dues.

### **Restated Loss**

Our restated loss for fiscal year 2012 was ₹ 5091.31 Lacs as compared to a loss of ₹1850.15 lacs for fiscal year 2011. The main reason for the increase in restated loss was due to a reduction in production leading to decrease in sales and also a substantial increase in cost of power and fuel and finance expenses.

## **COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2011 WITH FINANCIAL YEAR ENDED MARCH 31, 2010**

### **Revenue from Operation**

Revenue from operation for the financial year ended March 31, 2011 was at ₹ 23,657.77 lacs as against the total of ₹ 23,136.19 lacs for the fiscal 2010, a marginal increase of 2.25%.

### **Other Income**

Other income has decreased from ₹ 107.87 lacs in financial year ended March 31, 2010 to ₹ 99.14 Lacs in financial year ended March 31, 2011. The decrease was due to decrease in interest on fixed deposit with banks.

### **Total Expenditure**

Total expenses comprise Cost of Materials Consumed, Other Manufacturing Expenses, Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade, Employee Benefits Expense, Freight & Selling Expenses, Other Expenses, Depreciation and Amortisation and Finance Costs. Our total expenses increased by 12.06% to ₹ 25,491.41 lacs for the Fiscal 2011 from ₹ 22747.67 lacs for the Fiscal 2010. The primary reason for the increase was an increase in manufacturing expenses by ₹ 1599.57 lacs amounting to ₹ 12,843.84 lacs for the Fiscal 2011 as compared to ₹ 11,244.27 lacs for the Fiscal 2010.

### **Cost of Materials Consumed**

Cost of Materials Consumed increased by 39.44% from ₹ 2,485.70 lacs in Fiscal Year 2010 to ₹ 3,466.12 lacs in Fiscal Year 2011. The cost of material consumed as a percentage of total income increased to 14.59% in Fiscal year 2011 from 10.69% for Fiscal Year 2010. This was mainly on account of increase in cost of fly ash.

### **Other Manufacturing Expenses**

Other manufacturing expenses increased by 14.23% from ₹ 11,244.27 lacs in Fiscal Year 2010 to ₹ 12,843.84 lacs in Fiscal Year 2011. The other manufacturing expenses as a percentage of total income increased from 48.37% to 54.06% for Fiscal Year 2011. The increase was mainly on account of increase in consumption of stores spare & consumable and increase in mining equipment handling charges.

#### **Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade**

Our inventory of finished goods, work in progress and stock in trade for the fiscal year 2011 increased by ₹ 510.06 lacs, primarily on account of increase in inventory of limestone.

#### **Employee Benefit Expenses**

Employee benefit expenses increased by 3.20% from ₹ 2,970.37 lacs in fiscal year 2010 to ₹ 3,065.37 lacs in the fiscal year 2011 due to an increase in salary levels.

#### **Freight & Selling Expenses**

Freight and selling expenses increased by 6.54 % from ₹ 4,045.41 Lacs to ₹ 4,310.12 Lacs in fiscal 2011. The increase was mainly on account of increase in cost of transportation and the level of despatches.

#### **Other Expenses**

Other expenses decreased from ₹ 651.90 lacs in the fiscal year 2010 to ₹ 635.59 lacs during the fiscal year 2011 mainly on account of decrease in legal expenses.

#### **Depreciation & Amortization Expenses**

Our depreciation expenses marginally decreased by 0.20% to ₹ 1380.64 lacs for fiscal year 2011 from ₹ 1,383.41 lacs for fiscal year 2010.

#### **Finance Expenses**

Our finance expenses increased by 20.72% to ₹ 299.79 lacs for fiscal year 2011 from ₹ 248.33 lacs for fiscal year 2010. This was mainly due to increase in interest on dues to BSEB.

#### **Restated Loss**

Our company has generated loss of ₹ 1850.15 lacs for fiscal year 2011 as against profit of ₹ 1242.60 lacs for fiscal year 2010. such loss in operations was due to a substantial increase in the cost of raw materials and other manufacturing expenses.

### **COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2010 WITH FINANCIAL YEAR ENDED MARCH 31, 2009**

#### **Revenue from Operation**

Revenue from operation for the financial year ended March 31, 2010 was at ₹ 23,136.19 lacs as against the total of ₹ 18,026.37 lacs for the fiscal 2009, an increase of 28.35%. Such increase was mainly on account of increase in the quantity of cement sold and also due to increase in average realization per unit of cement.

#### **Other Income**

Other income has increased from ₹ 24.32 lacs in financial year ended March 31, 2009 to ₹ 107.87 Lacs in financial year ended March 31, 2010. The increase was due to write back of the credit balance amounting to ₹ 49.64 lacs and increase in interest on Fixed Deposits..

#### **Total Expenditure**

Total expenses comprise Cost of Materials Consumed, Other Manufacturing Expenses, Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade, Employee Benefits Expense, Freight & Selling Expenses, Other Expenses, Depreciation and Amortisation and Finance Costs. Our total expenses increased by 17.93% to ₹ 22,747.67 lacs for the Fiscal 2010 from ₹ 19,288.65 lacs for the Fiscal 2009. The primary reason for the increase was an increase in cost of materials consumed and other manufacturing expenses.

#### **Cost of Materials Consumed**

Cost of Materials Consumed increased by 34.34% from ₹1,850.31 lacs in Fiscal Year 2009 to ₹ 2,485.70 lacs in Fiscal Year 2010. The cost of material consumed as a percentage of total income increased to 10.69% in fiscal 2010 from 10.25% for Fiscal Year 2009. This was mainly on account of increase in the quantity of cement produced.

#### **Other Manufacturing Expenses**

Other manufacturing expenses increased by 24.84% from ₹ 9006.96 lacs in Fiscal Year 2009 to ₹ 11,244.27 lacs in Fiscal Year 2010. The increase was mainly on account of increase in the quantity of cement produced.

#### **Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade**

Our inventory of finished goods, work in progress and stock in trade for the fiscal year 2010 increased by ₹ 281.72 lacs primarily on account of increase in levels of closing stock and work in progress.

#### **Employee Benefit Expenses**

Employee benefit expenses increased by 24.59% from ₹ 2384.21 lacs in fiscal year 2009 to ₹ 2,970.37 lacs in the fiscal year 2010. The increase was mainly on account of higher wage bill due to increased production levels and also due to an increase in staff welfare expenses.

#### **Freight & Selling Expenses**

Freight and selling expenses increased by 6.13 % from ₹ 3,811.64 lacs to ₹ 4,045.41 lacs in fiscal 2010. The increase was mainly on account of higher quantity of cement dispatched.

#### **Other Expenses**

Other expenses increased from ₹ 580.30 lacs in the fiscal year 2009 to ₹ 651.90 lacs during the fiscal year 2010 showing increase of 12.34% mainly on account of increase in insurance and legal expenses.

#### **Depreciation & Amortization Expenses**

Our depreciation expenses decreased by 6.26% to ₹ 1383.41 lacs for fiscal year 2010 from ₹ 1475.75 lacs for fiscal year 2009.

#### **Finance Expenses**

Our finance expenses increased by 32.21% to ₹ 248.33 lacs for fiscal year 2010 from ₹ 187.83 lacs for fiscal year 2009. This was mainly due to increase in interest on dues to BSEB..

#### **Restated profit**

Our restated profit decreased by 19.27% to ₹ 1242.60 lacs for fiscal year 2010 from ₹ 1539.15 lacs for fiscal year 2009.

#### **Liquidity, Capital Resources and Cash Flows**

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our primary liquidity requirements have been to finance our working capital requirements and for carrying out the necessary repairs and renovation. The Company funds its working

capital and equipment purchases primarily from its equity, funds generated from its operations, and external borrowings.

Set forth below is a table of selected cash flow statement data for the periods stated in the table, as restated:

| (₹ in Lacs)   |               |               |                 |               |
|---|---------------|---------------|-----------------|---------------|
| Particulars   | FY 2012       | FY 2011       | FY 2010         | FY 2009       |
| Net Profit Before Tax, as restated                                    | (5091.31)     | (1850.15)     | 1248.37         | 1548.42       |
| Cash flow before working capital changes                              | (2500.30)     | (169.72)      | 2874.34         | 3202.73       |
| Net cash from Operating Activities (A)                                | 4374.09       | 4855.85       | (1546.63)       | (1374.39)     |
| Net cash used in Investing Activities (B)                             | (249.65)      | (1,315.35)    | (231.28)        | (1,603.09)    |
| Net cash used in Financing Activities (C)                             | (1886.89)     | (3809.41)     | (527.24)        | (220.72)      |
| <b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b> | (262.74)      | (438.63)      | 569.19          | 4.53          |
| Cash and Cash equivalents at beginning of the year                    | 654.12        | 1,092.75      | 523.55          | 519.02        |
| <b>Cash and Cash equivalents at end of the year</b>                   | <b>391.38</b> | <b>654.12</b> | <b>1,092.75</b> | <b>523.55</b> |

#### Off- Balance Sheet arrangements and Financial Instruments

The Company does not have any off- balance sheet arrangements or obligations.

#### MATERIAL DEVELOPMENTS SUBSEQUENT TO THE LAST BALANCE SHEET DATE

There has been no material development in relation to the Company, its Promoters or the Group Companies since March 31, 2012.

#### INFORMATION REQUIRED AS PER ITEM (2)(IX)(E)(5) OF PART A OF SCHEDULE VIII OF THE SEBI ICDR REGULATIONS:

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

##### 1. Unusual or infrequent events or transactions

Except as described in this Draft Letter of Offer, there have been no events or transactions over the course of the preceding years which may be described as “unusual” or “infrequent”.

##### 2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as described in this Draft Letter of Offer, there are no such economic changes over the course of the preceding years which are likely to affect income from continuing operations.

##### 3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Draft Letter of Offer, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income from continuing operations.

##### 4. Future changes in relationship between costs and income

Other than as described in the Draft Letter of Offer, particularly in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Risk Factors” and “Our Business”, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company, taken as a whole.

##### 5. Business Segment

Presently, our Company operates in only one segment i.e., manufacturing of cement.

**6. Total turnover of each major industry segment in which the Company operates**

Our Company operates in a single segment i.e. manufacturing of cement.

**7. Status of any publicly announced new products or business segment**

Other than as described in this Draft Letter of Offer, the Company does not have any new products or business segments.

**8. Seasonality of Business**

Demand for cement is seasonal as climatic conditions, particularly the monsoon, affect the level of activity in the construction industry. As a result, cement manufacturers experience a reduction in sales of cement during the monsoons, and somewhat stronger sales post monsoons. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

**9. Any significant dependence on a single or few suppliers or customers**

Our Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. Our Company sells its products to a variety of customers and is not dependent on any single customer for its sales.

**10. Competitive Conditions**

We expect competition in the cement industry from existing cement manufacturer in the market. For further details regarding our competitive conditions and our competitors, please refer to sections titled "**Risk Factors**" and "**Our Business**" beginning on pages 11 and 66 respectively, of this Draft Letter of Offer.

(₹ in Lacs)

| UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 <sup>th</sup> JUNE, 2012 |   |                |                |                |                 |
|---|---|----------------|----------------|----------------|-----------------|
| Sl. No.   | Particulars   | Quarter ended  |                |                | Year ended      |
|   |   | 30.06.2012     | 31.03.2012     | 30.06.2011     | 31.03.2012      |
|   |   | Unaudited      | Unaudited      | Unaudited      | Audited         |
|   |   | (1)            | (2)            | (3)            | (4)             |
| <b>Part I</b>   |   |                |                |                |                 |
| 1   | Income from Operations  |                |                |                |                 |
| a)  | Net Sales (Net of Excise Duty)  | 7545.41        | 5065.64        | 5341.07        | 18958.44        |
| b)  | Other Operating Income  | 18.16          | 49.56          | 3.69           | 83.52           |
|   | <b>Total Income from Operations (Net) (1)</b>   | <b>7563.57</b> | <b>5115.20</b> | <b>5344.76</b> | <b>19041.96</b> |
| 2   | Expenditure   |                |                |                |                 |
| a)  | (Increase) / Decrease in Stock in Trade and WIP   | 101.48         | (111.59)       | (2.89)         | 383.52          |
| b)  | Cost of Raw Materials Consumed  | 1158.28        | 1015.77        | 738.81         | 3532.25         |
| c)  | Other Manufacturing Expenses  | 1061.48        | 1224.67        | 993.51         | 3941.62         |
| d)  | Employees Cost  | 743.91         | 715.50         | 779.41         | 3081.95         |
| e)  | Depreciation and Amortisation   | 263.95         | 364.02         | 367.54         | 1467.11         |
| f)  | Power & Fuel  | 3307.20        | 2407.28        | 2370.60        | 9205.67         |
| g)  | Selling & Distribution Expenses   | 863.11         | 624.80         | 873.77         | 2879.20         |
| h)  | General Administrative Expenses   | 162.81         | 158.22         | 131.79         | 558.47          |
|   | <b>Total (2)</b>  | <b>7662.22</b> | <b>6398.68</b> | <b>6252.54</b> | <b>25049.79</b> |
| 3   | Profit/(Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)                                   | (98.65)        | (1283.48)      | (907.78)       | (6007.83)       |
| 4   | Other Income  | 4.50           | 2407.08        | 7.10           | 2422.74         |
| 5   | Profit/(Loss) from Ordinary activities before Finance Cost and Exceptional Items (3+4)  | (94.15)        | 1123.60        | (900.68)       | (3585.09)       |
| 6   | Finance Cost  | 271.54         | 453.46         | 176.46         | 1123.91         |
| 7   | Profit/(Loss) from Ordinary activities after Finance Cost but before Exceptional Items (5-6)                                  | (365.69)       | 670.14         | (1077.14)      | (4709.00)       |
| 8   | Exceptional Items   |                |                |                |                 |
| 9   | Profit/(Loss) from Ordinary Activities before Tax (7-8)   | (365.69)       | 670.14         | (1077.14)      | (4709.00)       |
| 10  | Tax Expenses - Fringe Benefit Tax   | (0.00)         |                | 0.00           | 0.05            |
| 11  | Net Profit/(Loss) from Ordinary Activities after tax (9-10)   | (365.69)       | 670.14         | (1077.14)      | (4709.05)       |
| 12  | Extra-Ordinary Items  |                | (1388.46)      |                | (1388.46)       |
| 13  | Net Profit/(Loss) for the period (11+12)  | (365.69)       | (718.31)       | (1077.14)      | (6097.51)       |
| 14  | Paid Up Equity Share Capital(Face value@Rs.10/- per share)  | 2125.38        | 2125.38        | 2125.38        | 2125.38         |
| 15  | Reserve excluding revaluation reserves (as per Balance sheet of Previous Accounting year)                                     |                |                |                | 2,049.40        |
| 16  | Earning Per Share (EPS)   |                |                |                |                 |
| a)  | Basic and Diluted EPS before Extraordinary items for the period/for the year and for the previous year (not to be annualised) | (1.72)         | 3.15           | (5.07)         | (22.16)         |
| b)  | Basic and Diluted EPS after Extraordinary items for the period/for the year and for the previous year (not to be annualised)  | (1.72)         | (3.38)         | (5.07)         | (28.70)         |

| <b>Part II - Select Information for the Quarter ended 30th June,2012</b> |  |                           |            |            |            |
|--|--|---------------------------|------------|------------|------------|
| <b>A. Particulars of Shareholding</b>                                    |  |                           |            |            |            |
| <b>1</b>   | <b>Public Shareholding</b>   |                           |            |            |            |
|  | - Number of Shares   | 20,123,712                | 20,123,712 | 20,123,712 | 20,123,712 |
|  | -Percentage of Shareholding  | 94.70                     | 94.70      | 94.70      | 94.70      |
| <b>2</b>   | <b>Promoters &amp; Promoter Group Shareholding</b>   |                           |            |            |            |
| a)   | Pledged/Encumbered   | Nil                       | Nil        | Nil        | Nil        |
|  | - Number of Shares   | Nil                       | Nil        | Nil        | Nil        |
|  | - Percentage of Shares (as a % of the total shareholding of Promoters and Promoters group) | Nil                       | Nil        | Nil        | Nil        |
|  | - Percentage of Shares (as a % of the total share capital of the Company)                  | Nil                       | Nil        | Nil        | Nil        |
| b)   | Non-Encumbered   |                           |            |            |            |
|  | - Number of Shares   | 1,125,342                 | 1,125,342  | 1,125,342  | 1,125,342  |
|  | - Percentage of Shares (as a % of the total shareholding of Promoters and Promoters group) | 100                       | 100        | 100        | 100        |
|  | - Percentage of Shares (as a % of the total share capital of the Company)                  | 5.30                      | 5.30       | 5.30       | 5.30       |
| <b>B</b>   | <b>Investor Complaints</b>   |                           |            |            |            |
|  |  | 3 Months ended 30.06.2012 |            |            |            |
|  | Pending at the beginning of the quarter  | Nil                       |            |            |            |
|  | Received during the quarter  | 1                         |            |            |            |
|  | Disposed during the quarter  | 1                         |            |            |            |
|  | Remaining unresolved at the end of the quarter   | Nil                       |            |            |            |

**Notes:**

1. The above statement of Financial Results duly approved by Audit Committee, was approved and taken on record by the Board of Directors at their meeting held on 3rd August, 2012.
2. In view of the company being single product manufacturing unit, mainly selling its product in Bihar, segment reporting is not applicable.
3. The Auditor's comments in their report dated 25th May,2012 on the accounts for the Year ended 31st March, 2012 regarding ability of the Company to continue as a going concern to be dependent upon the Company's performance after the Scheme sanctioned by BIFR, position of statutory dues, accumulated losses at the end of Financial Year being not less than 50% of the net worth, referred respectively in para 3(iii) of Auditor's Report and serial numbers (ix) and (x) of the Annexure to the Auditor's Report are factual and self explanatory. They have also been adequately explained in Annexure-I to the Director's Report and the Auditor's remark on all the issues have arisen only due to Company's sickness and its unsatisfactory financial position. These comments of the Auditors would get addressed with full implementation of the Scheme sanctioned by BIFR.
4. In view of carried forward losses, in drawing up the Accounts, the Company has not considered the impact of deferred tax liability arising out of timing difference.
5. The figures have been regrouped / rearranged, wherever necessary.

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding secured borrowings of ₹ 10,655.02 Lacs, as on July 31, 2012, and a brief description of certain significant terms of such financing arrangements.

(₹ in lacs)

| S. No. | Name of lender                                       | Facility                            | Amount Outstanding (as on July 31, 2012) | Interest Rate  | Repayment Schedule  | Security  |
|--------|--|-------------------------------------|--|--|---|---|
| 1.     | Vivid Colors Private Limited ("VCPL")                | Non-Convertible Debentures ("NCDs") | 8290.85                                  | As per the Scheme of Compromise approved by the Hon'ble High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs | Repayable in terms of the Order of the BIFR dated February 3, 2012 as under:<br>₹ 400 Lacs in 2012-13, ₹ 800 Lacs in 2013-14, ₹ 800 Lacs in 2014-15, ₹ 1125 Lacs in 2015-16, ₹ 1125 Lacs in 2016-17, and balance thereafter   | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable properties of our Company</li> <li>These NCDs have been sold by VCPL to IFCI Ltd., with a buy back arrangement at the end of one year, for providing a net financial assistance of ₹ 1565 Lacs to our company for repayment of dues to Arcil as per the MOU dated 20.11.2008 between our company and Arcil.</li> </ul> |
| 2.     | Allahabad Bank                                       | Non-Convertible Debentures ("NCDs") | 59.40                                    | As per the Scheme of Compromise approved by the Hon'ble High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs | Repayable in progressively increasing quarterly installments in terms of Scheme of Compromise sanctioned by the Hon'ble High Court of Calcutta vide its Order dated November 21, 2006 as under:<br>₹ 36 Lacs for first Qtr, ₹34.5Lacs for next 4 Qtrs, ₹32 Lacs for next 4 Qtrs, ₹29.5 lacs for next 3 Qtrs and ₹58.4 lacs for the last Qtr commencing from Quarter ended June 2009 | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable properties of our Company</li> <li>Personal Guarantee of Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha, Promoters of our Company</li> </ul>   |
| 3.     | Industrial Investment Bank of India Limited ("IIBI") | Non-Convertible Debentures ("NCDs") | 37.40                                    | As per the Scheme of Compromise approved by the Hon'ble  | Repayable in progressively increasing quarterly installments in   | <ul style="list-style-type: none"> <li>Secured by mortgage on land at Chimur, district Chandrapur, Maharashtra and other immovable</li> </ul>   |

| S. No. | Name of lender              | Facility  | Amount Outstanding (as on July 31, 2012) | Interest Rate | Repayment Schedule   | Security  |
|--------|-----------------------------|---|--|---------------|--|---|
|        |                             |   |  |               | High Court of Calcutta vide Order dated November 21, 2006, no separate interest is payable on the NCDs   | <p>terms of Scheme of Compromise sanctioned by the Hon'ble High Court of Calcutta vide its Order dated November 21, 2006 as under: ₹ 22.2 Lacs for first Qtr, ₹ 21.3Lacs for next 4 Qtrs, ₹19.7 Lacsfor next 4 Qtrs, ₹18.2 lacs for next 3 Qtrs and ₹36 lacs for the last Qtr commencing from Quarter ended June 2009</p> <p>properties of our Company</p> <ul style="list-style-type: none"> <li>• Personal Guarantee of Mr. Satyadeva Prakash Sinha and Mr. Sailendra Prakash Sinha, Promoters of our Company</li> </ul>                      |
| 4.     | IFCI Limited                | Term Loan of ₹ 2565 Lacs pursuant to the Memorandum of Understanding dated June 28, 2012 against a margin of ₹ 1000 Lacs. | 1565.00                                  | 24.00% p.a    | Repayable within minimum period of six months and maximum period of twelve months from the date of signing of the MOU  | <ul style="list-style-type: none"> <li>• VCPL has entered into a Debenture Sale Agreement dated June 28, 2012with IFCI for sale of 1,10,031 Non-Convertible Debentures (NCDs) of ₹ 11003 Lacs, to the extent not redeemed, of our Company secured by way of first <i>paripassu</i> charge on mortgage of properties of our Company with an option to buy back these NCDs.</li> <li>• VCPL entered into Share Pledge Agreement dated June 28, 2012with IFCI for pledging 55,25,000 nos. of equity shares of our Company owned by VCPL</li> </ul> |
| 5.     | Govt. of India through IFCI | Interest free Central Excise Loan pursuant to Loan Agreement dated March 2, 1991  | 702.37                                   | NIL           | Repayable in progressively increasing yearly installments in terms of the Order of the BIFR dated February 3, 2012 as under: ₹ 120lacs for first 2 years and | Secured by mortgage on all immovable and movable properties of our Company  |

| S. No. | Name of lender | Facility | Amount Outstanding (as on July 31, 2012) | Interest Rate | Repayment Schedule  | Security |
|--------|----------------|----------|--|---------------|---|----------|
|        |                |          |  |               | ₹183 lacs for the next 4 years commencing from Financial year 2009-10 |          |

Under the terms of certain secured financing arrangements, our Company has undertaken not to do any of the following without the prior consent of the lenders, including, *inter alia*:

- a) Undertake any other business, save and except as per scheme of Revival approved by BIFR and in terms of Shareholders Agreement between Vivid Colors Pvt. Ltd and the Promoters of our Company;
- b) Incur or create any liability, save and except as per scheme of Revival approved by BIFR;
- c) Sell, assign, mortgage or otherwise dispose off any of the building or structure charged with the lenders;
- d) Declare dividend for any year out of the profit relating to that year or of the previous years;
- e) Undertake any new project, diversification, modernization or substantial expansion of any project;
- f) Create any subsidiary or permit any company to become its subsidiary;
- g) Formulate any scheme of amalgamation or reconstruction;

### STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Equity Shares of the Company are listed on BSE and CSE. There has been no trading of Equity Shares on CSE during the preceding three years. The Equity Shares are not actively traded on BSE also.

There was no trading on the Equity Shares on the date on which the resolution of the Board of Directors approved this Issue, that is, May 25, 2012.

The high and low closing prices recorded on the BSE for the preceding three years and number of Equity Shares traded on the days of high and low prices are stated below:

| Year      | High (In ₹) | Date of High   | Volume of date of High (no. of Equity Shares) | Low (In ₹) | Date             | Volume of date of High (no. of Equity Shares) | Average Price for the year |
|-----------|-------------|----------------|---|------------|------------------|---|----------------------------|
| 2009-2010 | 55.10       | March 29, 2010 | 100   | 50.00      | February 8, 2010 | 100   | 52.53                      |
| 2010-2011 | 62.75       | April 16, 2010 | 1100  | 22.85      | August 4, 2010   | 900   | 33.14                      |
| 2011-2012 | 31.35       | March 19, 2012 | 300   | 23.15      | January 12, 2012 | 100   | 28.07                      |

Source: [www.bseindia.com](http://www.bseindia.com)

The average volume of Equity Shares traded in the BSE was 366 Equity Shares per day for the six month period from March 1, 2012 to August 31, 2012. The number of trading days in this period was 18 days. The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

| Year         | High (In ₹) | Date of High   | Volume of date of High (no. of Equity Shares) | Low (In ₹) | Date           | Volume of date of Low (no. of Equity Shares) |
|--------------|-------------|----------------|---|------------|----------------|--|
| March, 2012  | 31.35       | March 19, 2012 | 300   | 27.15      | March 9, 2012  | 100  |
| April, 2012  | 31.00       | April 30, 2012 | 200   | 30.50      | April 12, 2012 | 200  |
| May, 2012    | 31.00       | May 4, 2012    | 400   | 31.00      | May 4, 2012    | 400  |
| June, 2012   | 30.00       | June 7, 2012   | 100   | 30.00      | June 7, 2012   | 100  |
| July, 2012   | 30.00       | July 10, 2012  | 900   | 30.00      | July 10, 2012  | 900  |
| August, 2012 | --          | --             | --  | --         | --             | --   |

Source: [www.bseindia.com](http://www.bseindia.com)

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

There was no trading in the Equity Shares of our Company during the last four weeks.

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, its Directors and Promoters and the Promoter group companies that would have a material adverse effect on the business of the Company and there are no defaults, non payment or overdue of statutory dues, institutional / bank dues and dues payable to holders of debentures, bonds and fixed deposits that would have a material adverse effect on the Company's business other than unclaimed liabilities against the Company or its Directors or Promoters or Promoter group as on the date of this Draft Letter of Offer.

**Part 1: Litigations relating to our Company****A. Filed against our Company****1. Income Tax**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Income Tax Appellate Tribunal   |
| Case No.          | IT Appeal no. 1396/kol/2011<br>Assessment Year 2006-07  |
| Date Instituted   | 09.03.2009  |
| Background        | The Income Tax Dept. has preferred an Appeal in ITAT against the order of the CIT (A) deleting the addition of ₹ 61.93 Lacs being pre-operative expenses disallowed earlier and ₹ 94.33 Lacs on account of discarded assets disallowed in Assessment Order. |
| Present Status    | Appeal pending in ITAT for hearing  |
| Amount / Involved | ₹ 156.26 lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 2   |
| Department        | Income Tax Appellate Tribunal   |
| Case No.          | IT Appeal no. 1397/kol/2011<br>Assessment Year 2007-08  |
| Date Instituted   | 21.01.2010  |
| Background        | The Income Tax Dept has preferred an Appeal in ITAT against the order of CIT (A) deleting the addition of ₹ 526.46 lacs on account of major Repairs and Maintenance, ₹ 7.00 lacs on account of cash payment and another addition of ₹ 70 Lac on account of provision for non-moving stores. |
| Present Status    | Appeal pending in ITAT for hearing  |
| Amount / Involved | ₹ 603.46 lacs   |

**2. Winding up cases:**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | High Court of Calcutta  |
| Case No.          | Company Petition No. 248/99 Cimmco Birla Ltd. V/S KCL   |
| Year Instituted   | 1999  |
| Background        | A winding up petition has been filed by M/s. Cimmco Birla Ltd. against the company for realization of ₹ 1,91,19,461/- with interest thereon.  |
| Present Status    | In view of registration of the Company with BIFR, the winding up proceedings have been stayed till the disposal of BIFR proceedings. Liability of the Company has however been determined in the Revival Scheme sanctioned by BIFR. However, the matter is pending for final disposal/withdrawal. |
| Amount / Involved | ₹ 191.19 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 2   |
| Department        | High Court of Calcutta  |
| Case No.          | Company Petition No. 390/2001 ICICI Ltd. V/S KCL  |
| Year Instituted   | 2001  |
| Background        | A winding up petition has been filed by ICICI Ltd. for appointment of provisional Liquidator & also for Winding up of Company in Public interest. ICICI also claimed ₹ 74,42,98,280/-   |
| Present Status    | In view of the registration of the Company with BIFR, the winding up proceedings have been stayed till the disposal of BIFR proceedings. The earlier C.P.No.621/1999 filed by ICICI Ltd. against the company had been withdrawn by ICICI Ltd. The dues of ICICI were however assigned to the Asset Reconstruction Co. (India) Ltd. under SARFAESI ACT 2002 and the case has become infructuous. |
| Amount / Involved | Nil   |

|                   |   |
|-------------------|---|
| Sl.No.            | 3   |
| Department        | High Court of Calcutta  |
| Case No.          | Company Petition No. 259/2000 Jaswant Rai Verma of Chandigarh Vs. Kalyanpur Cements Ltd.  |
| Date Instituted   | 2000  |
| Background        | A winding up petition has been filed by one Mr. Jaswant Rai Verma, an unsecured creditor against the company for realization of dues and also for Winding up of the company.                        |
| Present Status    | In view of the registration of the Company with BIFR, the winding up proceedings have been stayed till disposal of BIFR proceedings. The dues are settled in the Revival Scheme sanctioned by BIFR. |
| Amount / Involved | ₹ 29 lacs (approx)  |

|                   |   |
|-------------------|---|
| Sl.No.            | 4   |
| Department        | High Court of Calcutta  |
| Case No.          | Company Petition No. 527/2000 Bhagirathi Packing (P) Ltd. V/S Kalyanpur Cements Ltd   |
| Date Instituted   | 2000  |
| Background        | A winding up petition has been filed by M/s. Bhagirathi Packing (P) Ltd., an unsecured creditor for realisation of ₹ 10,51,288/- ( including interest up to 31st July, 2000) against supply of woven sacks to the company and for winding up. |
| Present Status    | In view of the registration of the Company with BIFR, the winding up proceedings have been stayed till the disposal of BIFR proceedings.  |
| Amount / Involved | ₹ 10.51 Lacs  |

|                   |   |
|-------------------|---|
| Sl. No.           | 5   |
| Department        | High Court of Calcutta  |
| Case No.          | Company petition No. 576/02 Mihika Industries Ltd. V/s KCL  |
| Date Instituted   | 2002  |
| Background        | A winding up petition has been filed for realisation of ₹ 9,55,874 from KCL and for winding up.   |
| Present Status    | Company appeared & filed its written Statement. The C.P. disposed off vide order dated 14.1.03 by granting liberty to the Petitioner to approach the appropriate authority including BIFR for protection of their interest. |
| Amount / Involved | ₹ 9.56 Lacs   |

|                 |   |
|-----------------|---|
| Sl. No.         | 6   |
| Department      | High Court of Calcutta  |
| Case No.        | Company Petition No. 510 of 2003 Ajay Buchasia V/s KCL  |
| Date Instituted | 2003  |
| Background      | A winding up petition has been filed for realisation of ₹ 23,97,450.92 from KCL and for winding up.   |
| Present Status  | Company appeared & filed its written Statement. The C.P. has been dismissed vide order dated 13.07.04. The order of dismissal would not preclude the petitioner creditor from approaching BIFR for appropriate leave to initiate recover proceedings on the self same |

|                   |                  |
|-------------------|------------------|
|                   | cause of action. |
| Amount / Involved | ₹ 23.97 Lacs     |

|                   |  |
|-------------------|--|
| Sl. No.           | 7  |
| Department        | High Court of Calcutta   |
| Case No.          | Company petition No. 436 of 2001 KHD Humboldt Wedag AG & Others V/s KCL  |
| Date Instituted   | 2001   |
| Background        | A winding up petition was filed by KHD Humboldt Wedag AG & Others of West Germany against our Company for realization of their old dues. |
| Present Status    | This matter has been settled with them out of Court and the case has become infructuous.   |
| Amount / Involved | ₹ 53.71 Lacs   |

|                   |   |
|-------------------|---|
| Sl. No.           | 8   |
| Department        | High Court of Calcutta  |
| Case No.          | Company petition No. 390 of 2005 Chamundi Explosive V/s KCL   |
| Date Instituted   | 2005  |
| Background        | A winding up petition has been filed for realisation of ₹ 1,15,151/-from our Company and for the winding up of our Company.   |
| Present Status    | Company appeared & filed its written Statement. The C.P. has been dismissed as not maintainable vide order dt. 22.01.2007. This will not preclude the petitioner's from pursuing the petitioner's claim before the appropriate forum and in accordance with law. This will also not preclude the petitioner from instituting fresh winding up proceedings in respect of same cause of action upon it being discovered that petitioner's claim do not fall within the scheme as ultimately sanctioned for rehabilitation of the company. The Company will be obliged to keep the petitioner informed upon requests made by the petitioner. |
| Amount / Involved | ₹ 1.15 Lacs   |

**3. Other cases:**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Govt. of India, Ministry of Commerce & Industry   |
| Case No.          | Civil Suit NO. 1433/1999 Union Of India V/S KCL pending before the High Court, New Delhi.   |
| Date Instituted   | 26.05.1999  |
| Background        | This Suit has been filed by the Union of India for recovery of ₹ 4,34,78,523/- from the company on Cement Regulation Account and interest thereon.  |
| Present Status    | The matter had also been referred to Lok Adalat with the consent of both the parties. The case has been settled in the Revival Scheme sanctioned by BIFR. However, the matter is pending for final disposal/withdrawal before the Lok Adalat & High Court of New Delhi. |
| Amount / Involved | ₹ 208 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 2  |
| Department        | Alipur Court, Kolkata.   |
| Case No.          | Title Suit No. 63/1997 Smt. Kaushlya Devi Bagala V/S Kalyanpur Cements Ltd.  |
| Date Instituted   | 17.04.1997   |
| Background        | This Suit has been filed by Smt. Kaushlya Devi Bagala for specific performance of contract in respect of Bhukailash property, Kolkata. |
| Present Status    | Company appeared through its Advocate & filed Written Statement & Case is pending for hearing.   |
| Amount / Involved | Not ascertainable.   |

|                 |   |
|-----------------|---|
| Sl.No.          | 3   |
| Department      | Debt Recovery Tribunal, Patna                   |
| Case No.        | Original Application No. 11/2001 IFCI V/S KCL . |
| Date Instituted | 22.2.2001                                       |

|                   |   |
|-------------------|---|
| Background        | This case has been filed by IFCI Ltd. before the Debt Recovery Tribunal, Patna for restraining the company from transferring, disposing of any properties or its assets without the prior permission of the Debt Recovery Tribunal. |
| Present Status    | Company appeared before the Tribunal through its Advocate. IFCI has since assigned the debt to Asset Reconstruction Co. (India) Ltd. Therefore, the Case has become infructuous.  |
| Amount / Involved | Nil   |

|                   |  |
|-------------------|--|
| Sl.No.            | 4  |
| Department        | Sub-Judge, Civil Court, Patna.   |
| Case No.          | Title Suit No. 228/1997 BSEB V/S KCL pending before the  |
| Date Instituted   | 1997   |
| Background        | This suit has been filed by Bihar State Electricity Board (BSEB) for making an Arbitration Award, the Rule of the Court. ₹ 3 crores has been awarded to BSEB by the Sole Arbitrator. |
| Present Status    | This case is pending for hearing.  |
| Amount / Involved | ₹ 300 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 5   |
| Department        | Sri Ramanand, Sole Arbitrator cum Additional Legal Advisor, Jeevan Tara Building., 5 Parliament street, New Delhi.  |
| Case No.          | Case No. 10/2001 / New Case No. MAK-18/2002 Union of India V/S KCL  |
| Date Instituted   | 2001  |
| Background        | This case has been filed by Union of India, Directorate General for Supply & Disposal against our Company under contract no. S/O NOHW-6/RC-3593/Cement/94-95/ Kalyanpur /COAC/1289 dated 27/1/95 & HW/RC-3593/Cement / 46/ Kalyanpur/COAC/1282 dt.10/1/95 for supply of cement.                                       |
| Present Status    | On 1/10/01, the Company appeared and filed Vakakatnama. Company filed reply to DGS&D's claim and the case is pending for hearing before Mr. M. A. Khan Yusuf, the sole arbitrator, New Delhi due to retirement of Mr. Ramanand, the earlier arbitrator. The proceedings have been stayed in view of BIFR proceedings. |
| Amount / Involved | ₹ 47.64 lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 6   |
| Department        | Dy. Labour Commissioner-Cum -authorized Officer, Patna under Workmen's Compensation Act.                                  |
| Case No.          | Case No. 26/2003 Rajmuni Devi, Widow of Mr. Dinanath Pandey, an ex- employee V/s KCL                                      |
| Date Instituted   | 2003  |
| Background        | This case has been filed by the widow of an Ex-employee for realization of ₹ 5,00,000/- from the Company as compensation. |
| Present Status    | The Company appeared & filed reply. Pending for hearing   |
| Amount / Involved | ₹ 5.00 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 7   |
| Department        | Zila Parishad, Muzaffarpur  |
| Case No.          | Execution Case No. 9 /2001 Zila Parishad V/s KCL  |
| Date Instituted   | 2001  |
| Background        | This case has been filed by Zila Praishad for realisation of Decreetal amount with interest from the Company. |
| Present Status    | Company has filed its objection. Pending for hearing.   |
| Amount / Involved | ₹ 0.28 Lacs + future interest (not ascertainable).  |

|                 |  |
|-----------------|--|
| Sl.No.          | 8  |
| Department      | Certificate Officer-cum Jt. Transport Commissioner, Patna  |
| Case No.        | Certificate Case No. 77/09-10  |
| Date Instituted | 2010   |
| Background      | This case has been filed by the District Transport Officer for realisation of dues of tax for the period from 23.02.07 to 22.05.10 |

|                   |   |
|-------------------|---|
| Present Status    | Objection has been filed by the company & is pending for hearing. |
| Amount / Involved | ₹ 2.29 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 9  |
| Department        | Certificate Officer-cum Jt. Transport Commissioner, Patna  |
| Case No.          | Certificate Case No. 76/09-10  |
| Date Instituted   | 2010   |
| Background        | This case has been filed by the District Transport Officer (DTO) for realization of dues of tax for the period from 23.02.07 to 22.05.10 |
| Present Status    | Objection has been filed by the company & is pending for hearing.  |
| Amount / Involved | ₹ 2.29 Lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 10  |
| Department        | Certificate Officer-cum Jt. Transport Commissioner, Patna   |
| Case No.          | Certificate Case No. 106/11-12  |
| Date Instituted   | 2011  |
| Background        | This case has been filed by the District Transport Officer (DTO) for realization of dues of tax for the period from 1.7.76 to 30.9.91 |
| Present Status    | Objection has been filed.   |
| Amount / Involved | ₹ 1-46 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 11   |
| Department        | Sub-Judge, Civil Court, Patna  |
| Case No.          | Money Suit No. 36/1995 State of Bihar & Others V/S KCL   |
| Date Instituted   | 1995   |
| Background        | A money suit has been filed by the State Govt. through Commissioner, Road Construction Deptt. for refund of advance against the supply of cement amounting to ₹ 17,74,400/-.                                     |
| Present Status    | In the written statement filed by the Company, the company has admitted the liability of ₹ 5,54,200/-. As per directions of the Court, the company has deposited ₹5,54,200/-. The matter is pending for hearing. |
| Amount / Involved | ₹ 12.20 Lacs plus interest (not ascertainable)   |

|                   |  |
|-------------------|--|
| Sl.No.            | 12   |
| Department        | Sub-Judge, Patna   |
| Case No.          | Execution Case No. 17 /2000  |
| Date Instituted   | 2000   |
| Background        | This case has been filed by National Thermal Power Co. Ltd. (NTPC) before Sub-Judge, Patna for realization of decretal money passed in Money Suit No. 2 of 1991. |
| Present Status    | This case has been Stayed  |
| Amount / Involved | ₹ 6.30 Lacs + future interest (not ascertainable)  |

|                   |   |
|-------------------|---|
| Sl.No.            | 13  |
| Department        | Judicial Magistrate, Sasaram  |
| Case No.          | Complaint Case No. 20 (0) /2005 to 46 (0)/05 (27 Nos. cases)  |
| Date Instituted   | 2005  |
| Background        | These cases were filed by the Employees Provident Fund Organisation (EPFO) against the Company, the then Directors, namely Shri Ranjit Singh, Shri D. N. Bhandari, Shri B. C. Srivastava, Dr. V. R. Sinha, Shri J.N. Trivedi and Shri S. P. Sinha, Chief Executive and three officials of the Company for late submission of statutory returns. The Company filed individual revision petitions before the Sessions Judge, Sasaram for setting aside the order of Cognizance taken by the CJM, against the petitioners. Out of the above named directors, Sri Ranjit Singh, Dr. V.R. Sinha and Shri J. N. Trivedi are no longer the directors of the Company. |
| Present Status    | Revision filled before the District & Sessions Judge, Sasaram and the same are pending for hearing.   |
| Amount / Involved | Not Applicable  |

**B. Cases filed by our Company****1. Sales Tax**

|                   |  |
|-------------------|--|
| Sl.No.            | 1  |
| Department        | Joint Commissioner Commercial Taxes (Appeal) (Penalty Case u/s 16(9) of Bihar Finance Act 1981)  |
| Case No.          | Revision No. PT 96 of 2006   |
| Date Instituted   | 06.03.06   |
| Background        | As a result of audit objection made by the office of Accountant General Bihar, the assessing officer imposed a penalty of ₹ 11,37,292 in respect of the assessment year 1993-94. An appeal against the assessment order imposing penalty of ₹ 11,37,292 was filed by company before the Joint Commissioner Commercial Taxes (Appeal) who confirmed the order for penalty. The present appeal has been filed by the company in the Commercial Taxes Tribunal Bihar, Patna for setting aside the order of JCCT (Appeal). |
| Present Status    | Pending for hearing  |
| Amount / Involved | ₹ 11.37 Lacs   |

| Sl.No.            | 2  |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
|-------------------|--|-----------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--------|----------|--------|--------|----------|--------|--------|--------|---------|--|-----------------|
| Department        | Joint Commissioner Commercial Taxes (Appeal)   |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Case No.          | <table border="1"> <thead> <tr> <th>Case No.</th> <th>Month</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>PT 135</td> <td>Aug'94</td> <td>79,195</td> </tr> <tr> <td>PT 136</td> <td>Sep'94</td> <td>83,575</td> </tr> <tr> <td>PT 137</td> <td>Oct'94</td> <td>3,56,515</td> </tr> <tr> <td>PT 138</td> <td>Dec'94</td> <td>66,252</td> </tr> <tr> <td>PT 139</td> <td>Jan'95</td> <td>1,36,438</td> </tr> <tr> <td>PT 146</td> <td>Apr'94</td> <td>1,45,701</td> </tr> <tr> <td>PT 142</td> <td>May'94</td> <td>76,290</td> </tr> <tr> <td colspan="2">Total -</td> <td><u>9,43,966</u></td> </tr> </tbody> </table><br>(All these cases are of similar nature) | Case No.        | Month | Amount | PT 135 | Aug'94 | 79,195 | PT 136 | Sep'94 | 83,575 | PT 137 | Oct'94 | 3,56,515 | PT 138 | Dec'94 | 66,252 | PT 139 | Jan'95 | 1,36,438 | PT 146 | Apr'94 | 1,45,701 | PT 142 | May'94 | 76,290 | Total - |  | <u>9,43,966</u> |
| Case No.          | Month  | Amount          |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 135            | Aug'94   | 79,195          |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 136            | Sep'94   | 83,575          |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 137            | Oct'94   | 3,56,515        |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 138            | Dec'94   | 66,252          |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 139            | Jan'95   | 1,36,438        |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 146            | Apr'94   | 1,45,701        |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| PT 142            | May'94   | 76,290          |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Total -           |  | <u>9,43,966</u> |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Date Instituted   | 16.03.2000   |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Background        | The assessing officer imposed a penalty u/s 16(8) & 16(9) of Bihar Finance Act, 1981 for delay in payment of Admitted Sales tax during various months and the orders were challenged by the Company before JCCT (Appeal) who confirmed the orders imposing penalty. The Company filed Appeal in Commercial Taxes Tribunal, Bihar, Patna for setting aside the penalty orders confirmed by JCCT (Appeal).   |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Present Status    | Pending for hearing  |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |
| Amount / Involved | ₹ 9.44 Lacs  |                 |       |        |        |        |        |        |        |        |        |        |          |        |        |        |        |        |          |        |        |          |        |        |        |         |  |                 |

|                   |   |
|-------------------|---|
| Sl.No.            | 3   |
| Department        | Commissioner, Commercial Taxes  |
| Case No.          | CC(S)864/99   |
| Date Instituted   | 01.03.2000  |
| Background        | The Assessing Officer imposed penalty u/s 16(8) & 16(9) of Bihar Finance Act, 1981 for delay in payment of Sales Tax for Aug, 1999. The Company filed a revision petition before the Commissioner Commercial Taxes for quashing the order of the assessing officer. |
| Present Status    | Pending for hearing before Commissioner, Commercial Taxes   |
| Amount / Involved | ₹ 3.35 Lacs   |

| Sl.No.     | 4   |                  |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
|------------|---|------------------|-------|--------|-------|--------------|-----------|-------|-----------|----------|--------|----------|----------|--------|-----------|-----------------|---------|--|------------------|
| Department | Joint Commissioner Commercial Taxes (Appeal)  |                  |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| Case No.   | <table border="1"> <thead> <tr> <th>Case No.</th> <th>Month</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>PT 97</td> <td>Jul-Oct'2009</td> <td>11,73,843</td> </tr> <tr> <td>PT 99</td> <td>Jul,2002'</td> <td>4,38,607</td> </tr> <tr> <td>PT 100</td> <td>May,2002</td> <td>2,82,538</td> </tr> <tr> <td>PT 101</td> <td>Apr, 2002</td> <td><u>2,76,553</u></td> </tr> <tr> <td colspan="2">Total -</td> <td><u>21,71,541</u></td> </tr> </tbody> </table><br>(All the four cases are of similar nature) | Case No.         | Month | Amount | PT 97 | Jul-Oct'2009 | 11,73,843 | PT 99 | Jul,2002' | 4,38,607 | PT 100 | May,2002 | 2,82,538 | PT 101 | Apr, 2002 | <u>2,76,553</u> | Total - |  | <u>21,71,541</u> |
| Case No.   | Month   | Amount           |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| PT 97      | Jul-Oct'2009  | 11,73,843        |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| PT 99      | Jul,2002'   | 4,38,607         |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| PT 100     | May,2002  | 2,82,538         |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| PT 101     | Apr, 2002   | <u>2,76,553</u>  |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |
| Total -    |   | <u>21,71,541</u> |       |        |       |              |           |       |           |          |        |          |          |        |           |                 |         |  |                  |

|                   |  |
|-------------------|--|
| Date Instituted   | 06.03.2006   |
| Background        | The assessing officer imposed penalty for delay in payment of Admitted tax in various months. The company filed appeal before JCCT (Appeal) on the ground of wrong calculation of interest by the Assessing officer (AO) and for setting aside the order. JCCT (Appeal) remanded to the AO for rectification of the interest amount but finally confirmed the AO's order imposing penalty after rectification. The company filed appeal in the Commercial Taxes Tribunal, Bihar for setting aside the order of JCCT (Appeal) |
| Present Status    | Pending for hearing at Tribunal.   |
| Amount / Involved | ₹ 21.72 Lacs   |

## 2. Against Entry Tax Assessment Order

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Commercial Taxes Tribunal, Bihar  |
| Case No.          | PT-80/2000 - period from 14.9.2006 to 1998-99   |
| Date Instituted   | 15.02.2000  |
| Background        | The case pertains to wrongful levy of Entry Tax by the Assessing officers of Begusarai and Deoghar. The company challenged these orders in the Hon'ble Patna High Court on the ground that since the company was registered in Special Circle, Patna on consolidated basis, it was not liable to pay Entry tax at different places. The Hon'ble High Court directed the Commissioner Commercial Taxes (CCT) to decide the matter. The CCT held that the law did not provide for grant of consolidated registration in case of Entry Tax and the company was liable to pay entry tax in different circles. The Company filed an appeal before Commercial Taxes Tribunal, Bihar against the order of the Commissioner Commercial Taxes. |
| Present Status    | Pending for hearing before Tribunal.  |
| Amount / Involved | ₹ 12.87 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 2  |
| Department        | Commercial Taxes Tribunal, Bihar   |
| Case No.          | PT-/212 /2004 Against BST Assessment Order for 2000-01   |
| Date Instituted   | 05.11.04   |
| Background        | The company had filed a revision petition before the Commissioner Commercial Taxes against the order of the Assessing officer (AO) rejecting the claim for sale at concessional rate of tax due to technical deficiency in the Form. The Commissioner Commercial Taxes rejected the claim and the company therefore had filed an appeal before the Commercial Taxes Tribunal, Bihar. |
| Present Status    | Pending for hearing at Tribunal.   |
| Amount / Involved | ₹ 5.96 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 3  |
| Department        | Commercial Taxes Tribunal, Bihar   |
| Case No.          | PT-/213/2004 ( 2000-01 CST)  |
| Date Instituted   | 05.01.04   |
| Background        | In respect of claim for sale outside the state of Bihar, the Company had provided one 'F' Form for whole year in place of monthly requirement for 'F' form. The A.O. disallowed such claim and charged CST at full state sales tax rate. Revision petition filed before the Commissioner was not allowed even though as per the extant law, Form 'F' was not be only evidence for allowing the claim. Therefore the company has filed an appeal before Commercial Taxes Tribunal, Bihar. |
| Present Status    | Pending for hearing at Tribunal.   |
| Amount / Involved | ₹ 174.55 Lacs  |

|                 |  |
|-----------------|--|
| Sl.No.          | 4  |
| Department      | Joint Commissioner Commercial Taxes (Appeal)   |
| Case No.        | ST-SL/2/2001   |
| Date Instituted | 2001   |
| Background      | Levy of interest on deferred amount of sales tax u/s 46/(2) of Bihar Finance Act, 1981 for |

|                   |   |
|-------------------|---|
|                   | the financial year 1994-95  |
| Present Status    | Stayed by JCCT (Appeal) on 04.01.03 on the basis of interim order of the Hon'ble Supreme Court. The matter has been settled in the Revival Scheme sanctioned by BIFR. |
| Amount / Involved | NIL   |

|                   |   |
|-------------------|---|
| Sl.No.            | 5   |
| Department        | Joint Commissioner Commercial Taxes (Appeal)  |
| Case No.          | ST-SL/3/2001  |
| Date Instituted   | 2001  |
| Background        | Levy of interest on deferred amount of sales tax u/s 46/(2) of Bihar Finance Act, 1981 for the Financial Year 1995-96                                     |
| Present Status    | Stayed by JCCT (Appeal) on 04.01.03 on the basis of interim order of Supreme Court. The matter has been settled in the Revival Scheme sanctioned by BIFR. |
| Amount / Involved | NIL   |

### 3. Income Tax

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Commissioner of Income Tax (Appeal)   |
| Case No.          | Assessment Year 2008-09   |
| Date Instituted   | 2009-10   |
| Background        | The Company has preferred an Appeal before CIT(A) against the order of the Assessing Officer disallowing an amount of ₹ 247.63 lac on account of major Repairs and Maintenance which the assessing officer has treated as Capital expenses. The assessing officer has also disallowed an amount of ₹ 9.53 lacs u/s 40A(3) of the IT ACT being cash payment exceeding ₹ 20,000/- |
| Present Status    | Pending for hearing before CIT (A)  |
| Amount / Involved | ₹ 257.16 lacs.  |

|                   |   |
|-------------------|---|
| Sl.No.            | 2   |
| Department        | Commissioner of Income Tax (Appeal)   |
| Case No.          | Assessment Year 2009-10   |
| Date Instituted   | 2009-10   |
| Background        | The Company has preferred an Appeal before CIT(A) against the order of the assessing officer for disallowance of ₹ 32.44 lacs on account of major Repairs and Maintenance. The assessing officer has also disallowed ₹ 566.32 lacs towards remission of liability on account of waiver of loan. |
| Present Status    | Pending for hearing by CIT (A)  |
| Amount / Involved | ₹ 598.76 lacs.  |

### 4. Other Litigations

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Hon'ble Patna High Court  |
| Case No.          | CWJC No. 3749/2000 - KCL V/S BSEB & Others.   |
| Date Instituted   | 27.09.2000  |
| Background        | This writ petition has been filed by the Company in respect of Annual Minimum Guarantee (AMG) charges levied by Bihar State Electricity Board (BSEB) for the year 1993-94.                          |
| Present Status    | Case is pending before the Hon'ble Patna High Court for hearing. However, the case has become infructuous in view of reconciliation of accounts between the company and the BSEB settling the dues. |
| Amount / Involved | NIL   |

|            |                                  |
|------------|----------------------------------|
| Sl.No.     | 2                                |
| Department | Hon'ble Patna High Court         |
| Case No.   | CWJC No. 10021/2000 KCL V/S BSEB |

|                   |  |
|-------------------|--|
| Date Instituted   | 2000   |
| Background        | This writ petition has been filed by the company for quashing the fixation of rate of Fuel Surcharge for the financial years 96-97, 97-98, 98-99 & onwards by the Bihar State Electricity Board (BSEB) vide its letter no. COM/FSC/803/2000/345/EB, Patna dt. 11.7.2000. |
| Present Status    | The writ petition has been pending for hearing by the Hon'ble Patna High Court. However, this has become infructuous in view of settlement of the dues through reconciliation of accounts between the company and BSEB.  |
| Amount / Involved | NIL  |

|                   |   |
|-------------------|---|
| Sl.No.            | 3   |
| Department        | Hon'ble Patna High Court  |
| Case No.          | CWJC NO. 20367/2010 KCL V/S BSEB & Others   |
| Date Instituted   | 2010  |
| Background        | This case has been filed by the company for quashing the order dated 19.11.10 of Bihar State Electricity Board (BSEB) directing the company to pay Delayed Payment Surcharge (DPS) amounting to ₹ 6,27,30,517/- |
| Present Status    | Interlocutory Application has been filed by the company for stay of the operation of Notice No. 1854 dt. 19.11.20. Final argument from both sides concluded. Order reserved.                                    |
| Amount / Involved | ₹ 627.31 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 4  |
| Department        | Hon'ble Patna High Court   |
| Case No.          | CWJC No. 3999/1995 KCL V/S State & Others.   |
| Date Instituted   | 1995   |
| Background        | This writ has been filed by the company against the order passed by the Labour Court, Patna directing the Company to reinstate an employee Ms. Gloria with back wages. |
| Present Status    | The writ has been admitted and notice issued to the respondent and is pending for hearing by the Hon'ble Patna High Court.   |
| Amount / Involved | Amount not ascertainable.  |

|                   |   |
|-------------------|---|
| Sl.No.            | 5   |
| Department        | Hon'ble Patna High Court  |
| Case No.          | Cr.Misc.No.4634/99 KCL Vs. State of Bihar & others  |
| Date Instituted   | 1999  |
| Background        | This case has been filed by the Company for quashing the order dt. passed by Session Judge, Rohtas and also for quashing the entire Complaint case filed by the Asstt. Labour Commissioner, Dalmianagar for payment of Bonus for the accounting year 1994-95. |
| Present Status    | Interim stay has been granted & Notice has been issued to the Respondent. Payment of Bonus made. Case has become infructuous.   |
| Amount / Involved | Nil   |

|                   |   |
|-------------------|---|
| Sl.No.            | 6   |
| Department        | the Hon'ble Jharkhand High Court  |
| Case No.          | WP NO. 3094/2012 KCL V/s Central Govt. Industrial Tribunal No. 1 & others, Dhanbad.   |
| Date Instituted   | 19.05.2012  |
| Background        | This case has been filed by the Company challenging the Award given by the Industrial Tribunal in favour of Shri Shashi Bhushan Sharma & Shri Bhahwat Singh, ex-employees of the Company. |
| Present Status    | Case is on Admission Stage in the Hon'ble Jharkhand High Court.   |
| Amount / Involved | Amount will be ascertained after the decision of the Court.   |

|            |  |
|------------|--|
| Sl.No.     | 7  |
| Department | Patna High Court   |
| Case No.   | Cr. Misc. No. 7562/2001 Ashok Kumar Singh of KCL V/S State of Bihar & Others |

|                   |  |
|-------------------|--|
| Date Instituted   | February 2001  |
| Background        | This case has been filed by the Company through Mr. Ashok Kr. Singh for quashing the entire prosecution of G.R. Case No. 134/99 instituted on 27.09.99 u/s 304/of IPC. |
| Present Status    | Notice has been issued against the respondents. Lower Court Record has been called for and is pending for hearing at Patna High Court..                                |
| Amount / Involved | Not applicable, Criminal case  |

|                   |  |
|-------------------|--|
| Sl. No.           | 8  |
| Department        | Patna High Court   |
| Case No.          | CWJC NO. 7775/2003 KCL V/S The State of Bihar & Others.  |
| Date Instituted   | 2003   |
| Background        | This writ has been filed by the company challenging the order dt. 29.3.03 passed by the Secretary, Environment & Forest Deptt. Govt. of Bihar, whereby the preliminary objection raised by the company regarding maintainability of the proceeding before him under Wild Life (Protection) Act 1972 was dismissed. |
| Present Status    | Pending for hearing on admission matter at the Patna High Court.   |
| Amount / Involved | Not applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 9   |
| Department        | Patna High Court  |
| Case No.          | CWJC NO. 9967/2003 KCL V/S The State of Bihar & others.   |
| Date Instituted   | 2003  |
| Background        | The writ application has been filed by the company for quashing the order dt. 25.07.02 passed by the Collector, Bhabhua in Misc. Case No. 95/98-99 where by the objection filed by KCL in response to notice U/S 21 of the Wild Life Protection Act 1972 has been rejected. |
| Present Status    | Pending for hearing on admission matter at the Patna High Court.  |
| Amount / Involved | Not applicable  |

|                   |   |
|-------------------|---|
| Sl.No.            | 10  |
| Department        | Patna High Court  |
| Case No.          | CWJC NO. 1417/2011 – KCL Vs. State of Bihar & Others.   |
| Date Instituted   | 2011  |
| Background        | This writ has been filed by the company for issuing the final Notification in respect of the Wild Life sanctuary u/s 26A of the Wild Life Protection Act 1972 after considering the objections and suggestions of the affected parties. |
| Present Status    | This case is on admission stage & has not yet been listed for hearing.  |
| Amount / Involved | Not applicable  |

|                   |  |
|-------------------|--|
| Sl.No.            | 11   |
| Department        | Patna High Court   |
| Case No.          | CWJC No. 7625/2009 KCL V/s State of Bihar.   |
| Date Instituted   | July,2009  |
| Background        | Company has filed this Writ for quashing of the notice issued by Mines & Geology Deptt., Govt. of Bihar on the issue of grant / renewal of Mining Leases falling within Safety Zone. |
| Present Status    | Interim Relief granted. This case is on admission stage & has not yet been listed for hearing.   |
| Amount / Involved | Not applicable.  |

|                 |   |
|-----------------|---|
| Sl.No.          | 12  |
| Department      | Patna High Court  |
| Case No.        | Cr.Misc. Nos. (i) 29349/06, (ii) 29366/06, (iii) 29377/06, (iv) 29403/06 - KCL V/s State of Bihar & others.   |
| Date Instituted | September 2006  |
| Background      | These four cases have been filed by the Company, the Directors, namely ShriRanjit Singh, Shri D. N. Bhandari, Shri B. C. Srivastava, Dr. V. R. Sinha, Shri J.N. Trivedi and Shri S. P. Sinha, Chief Executive and three officials of the company for quashing the complaint |

|                   |  |
|-------------------|--|
|                   | petition filed by the Enforcement Officer, Provident Fund Department - Employees Provident Fund Organisation (EPFO), Sasaram & also the order taking Cognizance by the CJM, against the petitioners. |
| Present Status    | The Cases have been admitted & further proceedings before the lower court stayed. Pending for hearing at Patna High Court.   |
| Amount / Involved | Not applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 13  |
| Department        | Patna High Court  |
| Case No.          | First Appeal No. 626/1979 KCL V/S State of Bihar & others,(through Collector, Rohtas.)  |
| Date Instituted   | 18.08.1979  |
| Background        | This appeal has been filed by the Company against the judgment & decree passed by the Sub-Judge, Sasaram in respect of Factory's Land at Banjari. |
| Present Status    | The appeal has been admitted & pending for hearing at Patna High Court..  |
| Amount / Involved | Not applicable  |

|                   |   |
|-------------------|---|
| Sl.No.            | 14  |
| Department        | High Court, Calcutta  |
| Case No.          | Writ Petition No. 20791/2000 KCL V/S State of West Bengal.  |
| Date Instituted   | 2000  |
| Background        | This Writ has been filed by the company against the order of competent Authority, Urban Land ceiling Kolkata for taking the possession of surplus land of Bhukailash Property, Kolkata. |
| Present Status    | Order for maintaining status- Quo has been passed by the court. Dismissed for default on 19.08.11. Restoration petition filed on 06.09.11. Pending for hearing at Calcutta High Court.  |
| Amount / Involved | Not Ascertainable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 15  |
| Department        | 6 <sup>th</sup> Civil Judge Jr division, Alipore Kolkata.                                     |
| Case No.          | Ejectment Suit No. 234/10 KCL V/s S.K.Bagala& others.   |
| Date Instituted   | 19.05.2010  |
| Background        | This case has been filed by the Company for getting its premises of Bhu-Kailash vacated       |
| Present Status    | Pending for hearing at the Court of 6 <sup>th</sup> Civil Judge Jr division, Alipore Kolkata. |
| Amount / Involved | Not applicable  |

|                   |  |
|-------------------|--|
| Sl.No.            | 16   |
| Department        | Delhi High Court.  |
| Case No.          | Arbitration Application No. 244/2000 KCL V/S Union of India.   |
| Date Instituted   | 16.08.2000   |
| Background        | This Petition has been filed by the Company against the Award dt. 19.5.2000 passed by Shree Babu Lal Nishad, Sole Arbitrator in case No. 39-N/99 Union of India V/S KCL pertaining to contract contained in S.O.No. H.W.-6/RC-3798/cement/95-96/Kalyanpur / COCA / 1343 dt. 17.4.95 for supply of Cement |
| Present Status    | Case is running on daily cause list and is pending for hearing at Delhi High Court.  |
| Amount / Involved | ₹ 84. 75 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 17   |
| Department        | Judicial Magistrate, Civil Court, Patna  |
| Case No.          | Complaint Case No. 844(C)/96 KCL V/S Anil Kumar Jain.  |
| Date Instituted   | 24.07.12   |
| Background        | This case has been filed by the Company under the Negotiable Instrument Act, 1881 against one Shri Anil Kumar Jain of TVSC, Kolkata in respect of dishonour of cheque of ₹ 5.6 lacs. |
| Present Status    | Non bailable warrant against the accused has been issued. Pending before the High Court, Patna   |
| Amount / Involved | Not applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 18  |
| Department        | Judicial Magistrate, Civil Court, Patna   |
| Case No.          | Compl. Case No. 1497(C)/99 KCL V/S Sanjay Agrawal of Deoghar.   |
| Date Instituted   | 14.10.1999  |
| Background        | This case has been filed by the Company against one Shri Sanjay Agrawal of M/S Durga Distributors, Deoghar u/s 406 & 420 of IPC to put him on trial for cheating the company. |
| Present Status    | Court has taken cognizance against the accused and summons was issued for appearance of the accused. Pending at Civil Court, Patna.   |
| Amount / Involved | Not applicable  |

|                   |  |
|-------------------|--|
| Sl.No.            | 19   |
| Department        | Sub-divisional Judicial Magistrate, Sasaram  |
| Case No.          | Complaint Case No. 1162(C)/2007  |
| Date Instituted   | 2007   |
| Background        | The Company has filed this Criminal Case against an ex-employee who caused the loss of ₹ 50 Lacs to the company. |
| Present Status    | Before charge evidence. Pending before SDJM, Sasaram.  |
| Amount / Involved | Not applicable   |

|                   |  |
|-------------------|--|
| Sl.No.            | 20   |
| Department        | Judicial Magistrate, Civil Court, Sasaram  |
| Case No.          | Complaint Case No. 451(c)/94   |
| Date Instituted   | 1994   |
| Background        | This case has been filed by the Company against Hazi AP Bava & others, a contra for recovery of ₹ 5,32,501/- |
| Present Status    | The Contractor is dead. The case is pending for filing death report of the contractor by the Police.         |
| Amount / Involved | Not applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 21  |
| Department        | Sub-Judge, Civil Court, Patna   |
| Case No.          | Money Suit No. 127/1998 KCLV/s Satya Deo Singh, Dump Holder Jamshedpur pending before the Civil Court, Patna.   |
| Date Instituted   | 03.11.1998  |
| Background        | This money suit has been filed by the company for realization of ₹ 8,03,653/-   |
| Present Status    | Notice for appearance has been issued and the court is awaiting for service report of notice. Notice has also been published in the Newspaper "DainikJagran" dated 21.01.2006 |
| Amount / Involved | ₹ 8.04 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 22   |
| Department        | Sub-Judge, Sasaram   |
| Case No.          | Money Suit No. 12 of 07  |
| Date Instituted   | 2007   |
| Background        | Company filed the Money Suit against Sri SRS Krishnan, an Ex-employee of the company & Others for realization of ₹ 5.00 Crs. |
| Present Status    | Pending before 1 <sup>st</sup> Sub-Judge Sasaram for hearing   |
| Amount / Involved | ₹ 500 Lacs   |

|                 |  |
|-----------------|--|
| Sl.No.          | 23   |
| Department      | Sub-Judge, Civil Court, Sasaram  |
| Case No.        | Title Suit No. 232 of 2000   |
| Date Instituted | 2000   |
| Background      | Damage Suit filed by the Company against Jaswant Rai Verma in which damage has been claimed by the Company for non-completion of contract for removal of over burden resulting in loss to the Company to be determined by the Court. |
| Present Status  | Pending before Sub-Judge, Sasaram for hearing  |

|                   |  |
|-------------------|--|
| Amount / Involved | Amount will be ascertained by the Court  |
| Sl.No.            | 24   |
| Department        | Sub-Judge, Civil Court, Sasaram  |
| Case No.          | Title Suit No. 172/2000  |
| Date Instituted   | 2000   |
| Background        | This suit has been filed by the Company against Cimco Ltd. for non-supply of materials and non fulfillment of contractual obligations due to which the company suffered loss of production |
| Present Status    | Pending for final hearing at Civil Court, Sasaram.   |
| Amount / Involved | ₹ 751 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 25   |
| Department        | Sub-Judge, Civil Court, Sasaram  |
| Case No.          | Execution Case No. 1 of 2012   |
| Date Instituted   | 2012   |
| Background        | A money suit had earlier been filed by the Company which was decreed in Company's favour. The execution case has been filed for recovery of the decretal amount with interest. |
| Present Status    | Pending for final hearing at Sasaram Court   |
| Amount / Involved | ₹ 32.59 lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 26  |
| Department        | Sub-Judge, Civil Court, Bhagalpur   |
| Case No.          | Misc. Case No. 2/2002 KCL V/s NTPC  |
| Date Instituted   | 2002  |
| Background        | This case has been filed by the Company for setting aside the Ex-Party Decree for ₹ 6,30,600/- along with 18% interest till the realization of the dues passed in Money Suit No. 2/1991   |
| Present Status    | The case has been admitted & proceeding before the Execution Court at Patna has been stayed till further order, if the company deposits ₹ 50,000/- in Court as a security money. The company has deposited ₹ 50,000/- vide Treasury Challan dated 26.08.2002. |
| Amount / Involved | Not Applicable  |

## **Part 2: Litigation against our Promoters**

### **1. Mr. Satyadeva Prakash Sinha**

Except as disclosed under PART 4 (2) (b) (c) and hereunder, there are no other litigations filed against Mr. Satyadeva Prakash Sinha:

- a. Following are the criminal cases filed at Civil Court of Jamshedpur by individual depositors against Mr. Satyadeva Prakash Sinha (being an ex-director of Jenson & Nicholson Financial Services Ltd) alleging cheating and criminal breach of trust in the matter of non-refund of their respective deposits made with Jenson & Nicholson Financial Services Ltd which has already been ordered to be wound up on 17<sup>th</sup> March 2003 by Hon'ble Calcutta High Court.

| Sl. No. | Case No.    | Name of Party     | Amount Involved (₹ in Lacs) | Present status   |
|---------|-------------|-------------------|-----------------------------|--|
| 1       | C1-307/2000 | Samsul Haque      | 0.35                        | Application under Section 205 of Criminal Proceeding Code filed. Pending for consideration afresh. |
| 2       | C1-308/2000 | Samer Paul        | 0.43                        | Application under Section 205 of Criminal Proceeding Code filed. Pending for consideration afresh. |
| 3       | C1-341/2002 | Vijay Anand Gupta | 0.17                        | The High Court of Ranchi directed the lower court to dispose the case in light of compromise       |

|    |              |                         |      |   |
|----|--------------|-------------------------|------|---|
|    |              |                         |      | arrived between the parties   |
| 4  | C1-542/2002  | Mrs. Puspa Tiwari       | 0.50 | Application under Section 205 of Criminal Proceeding Code filed. Pending for consideration afresh.                            |
| 5  | C1-1228/2003 | Smt. Indra J.Khara      | 0.45 | Cr. Revision pending at Ranchi High Court against the order of rejection of 205 Cr. PC petition filed on behalf of accused    |
| 6  | C1-894/2002  | Smt. Ruchira Roy        | 0.80 | Matter fixed for evidence   |
| 7  | C1-154/2003  | Nurul Amin              | 1.50 | Pending for evidence.   |
| 8  | C1-1099/08   | Smt. Bina Devi          | N.A. | Cr. Rev. pending at Ranchi High Court against the order of rejection of 205 Cr. PC petition filed on behalf of accused        |
| 9  | C1-1199/2002 | Anil Chandra Biswas     | 1.54 | 205 Cr .P.C petition filed by accused and been allowed. The matter is pending for evidence to be produced by the Complainant. |
| 10 | C1-1227/03   | Smt. A. H. Khara        | 0.89 | Pending for fresh consideration of 205 Cr. PC petition as per the direction of District Judge                                 |
| 11 | C1-338/02    | K.P.Gupta               | 0.16 | Pending for fresh consideration of 205 Cr. PC petition as per the direction of District Judge                                 |
| 12 | C1-402/2000  | Manik Mukherjee         | 0.26 | Pending for evidence  |
| 13 | C1-204/2002  | K.C. Jha                | 2.50 | High Court has stayed the proceedings. Pending for final hearing.   |
| 14 | C1-1024/02   | A .Shyam Sunder         | 1.70 | Cr. Revision has been before the High Court, Ranchi.  |
| 15 | C1-940/2002  | Nitya ranjan            | 1.30 | 205 Cr. P C petition filed, pending for consideration.  |
| 16 | C1-1127/2003 | Pabitra Prasanna Kahaly | 1.00 | 205 Cr. P C petition filed, pending for consideration.  |
| 17 | C1-376/2002  | Patit Pawan Chatterjee  | 1.00 | Pending for fresh consideration of 205 Cr. PC petition as per the direction of District Judge                                 |
| 18 | C1-349/2000  | Mananbendra Nath Das    | 0.30 | 205 Cr PC petition allowed by the court and is pending for evidence from complainant side.                                    |
| 19 | C1-221/02    | R.N.Giri                | 0.60 | Pending for fresh consideration of 205 Cr.PC petition as per the direction of High Court, Ranchi.                             |
| 20 | C1-350/01    | Mrs. Puspa Tiwari       | 1.17 | Pending for fresh consideration of 205 Cr.PC petition as per the direction of District & session Judge.                       |
| 21 | C1-1228/03   | Smt. Indra J. Khara     | 0.45 | 205 Cr.PC petition rejected by the Magistrate. We have filed a Cr. Revision before the High Court, Ranchi.                    |
| 22 | C1-589/02    | D.N.das                 | 0.15 | Pending for evidence before charge.   |
| 23 | C1-588/02    | R.N.Das                 | 0.30 | Pending for evidence before the charge.   |
| 24 | C1-439/00    | Samir Kr. Dutta         | 0.63 | 205 Cr.PC petition allowed. We have filed quashing petition before the Ranchi High Court.                                     |
| 25 | C1-1121/08   | Smt. Santanu Sinha      | 1.0  | Pending for hearing on 205Cr. PC petition   |
| 26 | C1-389/03    | Dheeraj Kr. Jana        | 0.65 | Pending for hearing on fresh 205 Cr.PC petition.  |

|     |            |                       |      |  |
|-----|------------|-----------------------|------|--|
| 27. | C1-1130/02 | Pardeep Ranjan Sarkar | 0.30 | Pending for evidence before charge.  |
| 28  | C1-1140/00 | Manoj Kr. Tulsyan     | 0.53 | Pending for fresh consideration of 205 Cr. PC petition as per the direction of District & Session Judge. |
| 29  | C1-798/00  | Chitayan Paul         | 0.19 | Pending for evidence before charge.  |
| 30. | C1-797     | Ranjit Bez            | 0.18 | Evidence closed we have filed discharge petition.  |

b. Other litigations

|                   |  |
|-------------------|--|
| Sl.No.            | 1  |
| Department        | Divisional Forest Officer (DFO)  |
| Case No.          | Confiscation Case No. 10 of 1997   |
| Date Instituted   | 1997   |
| Background        | This case has been filed by the Forest Department, Sasaram against Mr. Satyadeva Prakash Sinha and two officials of the Company and two Dumpers were seized by the DFO. Later on, the Dumpers were released. |
| Present Status    | Case is pending for hearing.   |
| Amount / Involved | Not Applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 2   |
| Department        | High Court of Calcutta  |
| Case No.          | C.P. No. 261/2002   |
| Date Instituted   | 2002  |
| Background        | During the pendency of winding up proceedings of JNFSL in the Calcutta High Court, the Honourable Company Judge had directed the Serious Fraud Investigation Office (“SFIO”) under the Ministry of Corporate Affairs, Government of India to conduct an investigation in the matter of the affairs of JNFSL prior to its liquidation. Pursuant to this Order, SFIO called upon the ex-directors including Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha for the purpose of interrogation. The SFIO appears to have submitted a detailed report to the Hon’ble Calcutta High Court but the copy of the report has not been given to either JNIL or its promoters. The Company Court has not issued any notice or summon to Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha so far. |
| Present Status    | The matter is sub-judice in CP No. 261/2002   |
| Amount / Involved | Not ascertainable   |

**2. Mr. Shailendra Prakash Sinha**

Except as disclosed under PART 4 (2) (b) (c) and hereunder, there are no other litigations filed against Mr. Shailendra Prakash Sinha:

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Chief Judicial Magistrate, Civil Court, Buxar   |
| Case No.          | GR No. 398 of 2000  |
| Date Instituted   | 09-04-2000  |
| Background        | One stockiest, Jagannath Prasad Kesari filed a criminal case against Mr. Shailendra Prasad Sinha and other officials of the Sone Valley Cements Limited before CJM, Buxar under section 406, 420, 467 and 472 of Indian Penal Code. |
| Present Status    | This writ is pending for hearing.   |
| Amount / Involved | Not Applicable  |

|                 |  |
|-----------------|--|
| Sl.No.          | 2  |
| Department      | High Court of Calcutta   |
| Case No.        | C.P. No. 261/2002  |
| Date Instituted | 2002   |
| Background      | During the pendency of winding up proceedings of JNFSL in the Calcutta High Court, the |

|                   |   |
|-------------------|---|
|                   | Honourble Company Judge had directed the Serious Fraud Investigation Office (“SFIO”) under the Ministry of Corporate Affairs, Government of India to conduct an investigation in the matter of the affairs of JNFSL prior to its liquidation. Pursuant to this Order, SFIO called upon the ex-directors including Mr. Satyadeva Prakash Sinha and Mr. Shailendra Prakash Sinha for the purpose of interrogation. The SFIO appears to have submitted a detailed report to the Hon’ble Calcutta High Court but the copy of the report has not been given to either JNIL or its promoters. The Company Court has not issued any notice or summons to Mr. Satyadeva Prakash Sinha and Mr. Sailendra Prakash Sinha so far. |
| Present Status    | The matter is sub-judice in CP No. 261/2002   |
| Amount / Involved | Not ascertainable   |

**Part 3: Litigation against our Directors**

Except as disclosed under PART 2 (1), Part 2 (2) and PART 4 (2) (b) (c), there are no other litigations filed against the Directors of the Company.

**Part 4: Litigation against Group Companies/Associate Concerns:**

**1. Case filed against Bihar Hotels Limited**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Labour Court, Patna   |
| Case No.          | BSE – 27 of 1995  |
| Date Instituted   | 1995  |
| Background        | Suresh Kumar, Ex-employee of the Hotel filed a case against the Company before the Labour Court against dismissal of his Service from Hotel. He has claimed for re-instatement of his service with back wages |
| Present Status    | Pending for hearing   |
| Amount / Involved | ₹ 10.37 lacs  |

**2. Case filed against Jenson & Nicholson (India) Limited (“JNIL”)**

**a. Cases filed by financial institutions and banks before Debt Recovery Tribunal (DRT)**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Debt Recovery Tribunal, Kolkata   |
| Case No.          | OA-21/02  |
| Date Instituted   | 2002  |
| Background        | This case was filed by Allahabad Bank for recovery of cash credit facility against.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and Allahabad Bank has assigned its debts in favour of M/s Vivid Colors Pvt. Ltd. |
| Amount / Involved | ₹ 2859.20 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 2  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-11/03   |
| Date Instituted   | 2003   |
| Background        | This case was filed by Indian Overseas Bank for recovery of cash credit facility.  |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 780.22 Lacs  |

|            |                                 |
|------------|---------------------------------|
| Sl.No.     | 3                               |
| Department | Debt Recovery Tribunal, Kolkata |
| Case No.   | OA-184/02                       |

|                   |  |
|-------------------|--|
| Date Instituted   | 2002   |
| Background        | This case was filed by IDBI for recovery of cash credit facility including interest.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the IDBI has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 2343.34 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 4  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-51/2001   |
| Date Instituted   | 2001   |
| Background        | This case was filed by IIBI for recovery of cash credit facility including interest.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the IIBI has assigned its debts in favour of Asset Reconstruction Company (India) Ltd. |
| Amount / Involved | ₹ 1433.07 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 5  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-7/02  |
| Date Instituted   | 2002   |
| Background        | This case was filed by PNB for recovery of cash credit facility.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of Asset Reconstruction Company (India) Ltd. |
| Amount / Involved | ₹ 90.06 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 6   |
| Department        | Debt Recovery Tribunal, Kolkata   |
| Case No.          | OA-70/01  |
| Date Instituted   | 2001  |
| Background        | This case was filed by SIDBI for recovery of cash credit facility including interest.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the SIDBI has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 324.66 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 7  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-105/02  |
| Date Instituted   | 2002   |
| Background        | This case was filed by United Bank of India for recovery of cash credit facility including interest.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 709.99 Lacs  |

|                 |   |
|-----------------|---|
| Sl.No.          | 8   |
| Department      | Debt Recovery Tribunal, Kolkata   |
| Case No.        | OA-154/03   |
| Date Instituted | 2003  |
| Background      | This case was filed by Standard Chartered Bank for recovery of cash credit facility including interest.   |
| Present Status  | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of M/s Vivid Colors Pvt. Ltd. |

|                   |  |
|-------------------|--|
| Amount / Involved | ₹ 735.57 Lacs  |
| Sl.No.            | 9  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-136/03  |
| Date Instituted   | 2003   |
| Background        | This case was filed by Bank of Baroda for recovery of cash credit facility including interest.   |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 485.80 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 10   |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-74/04   |
| Date Instituted   | 2004   |
| Background        | This case was filed by Canara Bank for recovery of cash credit facility including interest.                        |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. |
| Amount / Involved | ₹ 1238.23 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 11   |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-127/03  |
| Date Instituted   | 2003   |
| Background        | This case was filed by BOI for recovery of cash credit facility including interest.  |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. At present restructuring of loan has been done and the Bank has assigned its debts in favour of IFCI. |
| Amount / Involved | ₹ 1020.69 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 12   |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | TA-605/01  |
| Date Instituted   | 2001   |
| Background        | This case was filed by HSBC for recovery of cash credit facility including interest.                               |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. |
| Amount / Involved | ₹ 20.70 Lacs   |

**b. Cases filed before DRT against JNIL, being the corporate guarantor**

|                   |   |
|-------------------|---|
| Sl.No.            | 1   |
| Department        | Debt Recovery Tribunal, Kolkata   |
| Case No.          | OA-247/99   |
| Date Instituted   | 1999  |
| Background        | This case has been filed by the Union Bank of India against Jenson & Nicholson Financial Services Ltd. ("JNFSL"), and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.  |
| Amount / Involved | ₹ 109.82 Lacs   |

|            |                                 |
|------------|---------------------------------|
| Sl.No.     | 2                               |
| Department | Debt Recovery Tribunal, Kolkata |
| Case No.   | OA-127/00                       |

|                   |   |
|-------------------|---|
| Date Instituted   | 2000  |
| Background        | This case has been filed by the Syndicate Bank of India against JNFSL and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.  |
| Amount / Involved | ₹ 160.73 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 3  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | TA-15/02   |
| Date Instituted   | 2002   |
| Background        | This case has been filed by the ICICI Bank against JNFSL and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.                                     |
| Amount / Involved | ₹ 55.32 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 4   |
| Department        | Debt Recovery Tribunal, Kolkata   |
| Case No.          | TA-127/01   |
| Date Instituted   | 2001  |
| Background        | This case has been filed by the Dena Bank against JNFSL and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.                                    |
| Amount / Involved | ₹ 306.01 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 5  |
| Department        | Debt Recovery Tribunal, Kolkata  |
| Case No.          | OA-97/01   |
| Date Instituted   | 2001   |
| Background        | This case has been filed by the Federal Bank against JNFSL and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.                                       |
| Amount / Involved | ₹ 616.01 Lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 6   |
| Department        | Debt Recovery Tribunal, Kolkata   |
| Case No.          | OA-201/02   |
| Date Instituted   | 2002  |
| Background        | This case has been filed by the Bank of India against JNFSL and JNIL was made a party since JNIL is a corporate guarantor for the loan provided to JNFSL. |
| Present Status    | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings.  |
| Amount / Involved | ₹ 680.00 Lacs   |

*c. Cases filed under Section 138 of the Negotiable Instrument Act, 1881*

|                 |  |
|-----------------|--|
| Sl.No.          | 1  |
| Department      | 10 <sup>th</sup> MM Court, Kolkata   |
| Case No.        | C/4924/00  |
| Date Instituted | 2000   |
| Background      | This case has been filed by the SBI HF towards dishonour of cheque issued by JNIL towards discharge of its liability, against, among others, JNIL and its ex-directors, Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Mr. Anant Prakash Sinha. |
| Present Status  | Pending for evidence.  |

|                   |               |
|-------------------|---------------|
| Amount / Involved | ₹ 100.00 Lacs |
|-------------------|---------------|

|                   |   |
|-------------------|---|
| Sl.No.            | 2   |
| Department        | CMM Court, Kolkata.   |
| Case No.          | C/3694/00   |
| Date Instituted   | 2000  |
| Background        | This case has been filed by the SBI HF for dishonor of cheque issued by JNIL towards discharge of its liability against, among others, JNIL and its ex-directors, Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Mr. Anant Prakash Sinha.. |
| Present Status    | Pending for evidence.   |
| Amount / Involved | ₹ 200.00 Lacs   |

|                   |   |
|-------------------|---|
| Sl.No.            | 3   |
| Department        | 8 <sup>th</sup> MM Court, Kolkata.  |
| Case No.          | C/3932/03   |
| Date Instituted   | 2003  |
| Background        | This case has been filed by the Standard Chartered Bank for dishonor of cheque issued by JNIL towards discharge of its liability against, among others, JNIL and its ex-directors, Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Mr. Anant Prakash Sinha. |
| Present Status    | JNIL has filed SLP before the Supreme Court, which has stayed the proceedings. In the meantime, Standard Chartered has assigned its debts to Vivid Colours Pvt. Ltd.  |
| Amount / Involved | ₹ 63.81 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 4  |
| Department        | 4 <sup>th</sup> MM Court, Kolkata.   |
| Case No.          | C/1271/2003  |
| Date Instituted   | 2003   |
| Background        | This case has been filed by the V. K. Oils for dishonor of cheque issued by JNIL towards discharge of its liability against, among others, JNIL and its ex-director, Mr. Satyadeva Prakash Sinha.                      |
| Present Status    | JNIL has filed SLP before the Supreme Court. As per the order of the Supreme Court, JNIL has deposited a sum of ₹ 10 Lacs with the registry of the Supreme Court. The proceedings in the lower court have been stayed. |
| Amount / Involved | ₹ 5.04 Lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 5   |
| Department        | CMM Court, Kolkata.   |
| Case No.          | C/2011/2000   |
| Date Instituted   | 2000  |
| Background        | This case has been filed by Ruchi World Wide for dishonor of cheque issued by JNIL towards discharge of its liability against, among others, JNIL and its ex-director, Mr. Satyadeva Prakash Sinha. |
| Present Status    | JNIL has filed quashing petition u/s 482 of Cr. P. C. before the High Court of Calcutta. The High Court has stayed the proceedings before the lower court.  |
| Amount / Involved | ₹ 0.82 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 6  |
| Department        | 14 <sup>th</sup> MM Court, Kolkata.  |
| Case No.          | C/4730/03  |
| Date Instituted   | 2003   |
| Background        | This case has been filed by the ESI for dishonor of cheque issued by JNIL towards contribution of employees  |
| Present Status    | JNIL has filed quashing petition u/s 482 of Cr. P. C. before the High Court of Calcutta. The High Court has stayed the proceedings before the lower court. |
| Amount / Involved | ₹ 0.79 Lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 7   |
| Department        | 6 <sup>th</sup> MM Court, Kolkata.  |
| Case No.          | C/4732/03   |
| Date Instituted   | 2003  |
| Background        | This case has been filed by the ESI for dishonor of cheque issued by JNIL towards contribution of employees |
| Present Status    | Pending for adjudication  |
| Amount / Involved | ₹ 0.45 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 8  |
| Department        | 9 <sup>th</sup> MM Court, Kolkata.   |
| Case No.          | C/7447/03  |
| Date Instituted   | 2003   |
| Background        | This case has been filed by Arvind Indutrials for dishonor of cheque issued by JNIL against supply of raw materials against, among others, JNIL and its ex-directors, Mr. Satyadeva Prakash Sinha, Mr. Shailendra Prakash Sinha and Mr. Anant Prakash Sinha. |
| Present Status    | JNIL moved High Court of Calcutta for quashing the complaint case. Lower court proceeding has been stayed by the High Court.   |
| Amount / Involved | ₹ 16.78 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 9  |
| Department        | 16 <sup>th</sup> MM Court, Kolkata.  |
| Case No.          | C/5973/03  |
| Date Instituted   | 2003   |
| Background        | This case has been filed by the Calcutta Paints & Driers Pvt. Ltd. for dishonor of cheque issued by JNIL against supply of raw materials against, among others, JNIL and its ex-director, Mr. Satyadeva Prakash Sinha. |
| Present Status    | JNIL has appeared and the case is pending for appearance of other accused.   |
| Amount / Involved | ₹ 0.64 Lacs  |

|                   |  |
|-------------------|--|
| Sl.No.            | 10   |
| Department        | 8 <sup>th</sup> MM Court, Kolkata.   |
| Case No.          | C/5870/01  |
| Date Instituted   | 2001   |
| Background        | This case has been filed by the party NICCO-UCCO-Credit Alliance for dishonor of cheque issued by JNIL against supply of raw materials against, among others, JNIL and its ex-director, Mr. Satyadeva Prakash Sinha. |
| Present Status    | Pending for adjudication   |
| Amount / Involved | ₹ 2.4 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 11   |
| Department        | 4 <sup>th</sup> Civil Judge, Alipur.   |
| Case No.          | MS 1272/10   |
| Date Instituted   | 2010   |
| Background        | This case has by Lansdown Paints & Hardware Stores for realization of money  |
| Present Status    | We have appeared & contesting the case. Pending for cross examination of P.W |
| Amount / Involved | ₹ 3.2 Lacs   |

*d. Money Suit filed by the Suppliers for recovery of their dues*

|                 |  |
|-----------------|--|
| Sl.No.          | 1  |
| Department      | City Civil Court, Kolkata  |
| Case No.        | C/192/04   |
| Date Instituted | 2004   |
| Background      | This case has by Modern Paper Pack for realization of money                          |
| Present Status  | In view of the registration of JNIL with BIFR, the proceedings have been stayed till |

|                   |                               |
|-------------------|-------------------------------|
|                   | disposal of BIFR proceedings. |
| Amount / Involved | ₹ 1.54 Lacs                   |

|                   |  |
|-------------------|--|
| Sl.No.            | 2  |
| Department        | High Court, Kolkata.   |
| Case No.          | *  |
| Date Instituted   | *  |
| Background        | This case has by the Saga Engineering Pvt. Ltd for realization of money in respect of Sikanderabad civil work. |
| Present Status    | Pending for adjudication   |
| Amount / Involved | ₹ 2.24 Lacs  |

*\* Case no and date instituted not readily available*

|                   |   |
|-------------------|---|
| Sl.No.            | 3   |
| Department        | Kolkata High Court.   |
| Case No.          | CS/3211D/1996   |
| Date Instituted   | 1996  |
| Background        | This case has been filed by SMIF Capital Markets Ltd claiming recovery of his fees for failed Rights Issue. Company has also filed a case for damage claim ₹ 475.88 Lacs. |
| Present Status    | Pending for adjudication  |
| Amount / Involved | ₹ 13.70 Lacs  |

|                   |   |
|-------------------|---|
| Sl.No.            | 4   |
| Department        | Kolkata High Court.   |
| Case No.          | *   |
| Date Instituted   | *   |
| Background        | This case has by Altantis Services (P) Ltd for realization of money   |
| Present Status    | We have appeared & contesting the case. Pending for cross examination |
| Amount / Involved | ₹ 0.40 Lacs   |

*\* Case no and date instituted not readily available*

|                   |  |
|-------------------|--|
| Sl.No.            | 5  |
| Department        | Mumbai High Court.   |
| Case No.          | 140/89   |
| Date Instituted   | 1989   |
| Background        | This case has by Panval Municipality (OCTROI) for realization of money |
| Present Status    | We have appeared & contesting the case at Mumbai High Court.           |
| Amount / Involved | ₹ 71.91 Lacs   |

|                   |  |
|-------------------|--|
| Sl.No.            | 6  |
| Department        | Kolkata High Court.  |
| Case No.          | C/209/97   |
| Date Instituted   | 1997   |
| Background        | This case has by Calcutta Port Trust (Strand Road Godown) for realization of money   |
| Present Status    | We are contesting the matter at High Court. But Opposite party filed a SLP before the Supreme Court New Delhi (SLP No. 8748/07). Matter is pending for hearing on admission stage. |
| Amount / Involved | ₹ 45.0 Lacs  |

|                 |  |
|-----------------|--|
| Sl.No.          | 7  |
| Department      | Civil Court, Valsad, Gujrat.   |
| Case No.        | Summary Suit no. 51/02   |
| Date Instituted | 2002   |
| Background      | This case has by Atul Ltd for realization of money   |
| Present Status  | Order has been passed against us. We have filed a Writ before the Ahmadabad High Court against the order. Pending for hearing. |

|                   |               |
|-------------------|---------------|
| Amount / Involved | ₹ 123.28 Lacs |
|-------------------|---------------|

*e. Case filed by the ex-employees of JNIL for realization of their dues towards wages, Gratuity etc*

| Sl. No. | Case No.               | Name of Party         | Pending before                                     | Amount involved(₹ in Lacs) |
|---------|------------------------|-----------------------|--|----------------------------|
| 1       | Application No.31-p/08 | Pravir Chatterjee     | Labour Court                                       | 0.86                       |
| 2       | PWA-05/09              | Alok Nath Dey         | Labour Court.                                      | 6.40                       |
| 3       | PWA8/10                | P. K. Dutta & Others  | Labour Court                                       | 5.75                       |
| 4       | DLC 244/11 KALYANI     | Premia Lohar          | ALC, Kalyani                                       | 1.70+INT.                  |
| 5       | DLC 243/11 KALYANI     | Sekher Chakraborty    | ALC, Kalyani                                       | 2.25                       |
| 6       | DLC 245/11 KALYANI     | Sawpan Kr. Panja      | ALC, Kalyani                                       | 0.56+INT.                  |
| 7       | DLC 246/11 KALYANI     | Surya Deo Singh       | ALC, Kalyani                                       | 1.24+INT.                  |
| 8       | DLC 247/11 KALYANI     | S.K.Manjit Ali Dafali | ALC, Kalyani                                       | 1.54                       |
| 9       | DLC/KLY                | Daya Shankar Yadav    | ALC, Kalyani                                       | 2.35                       |
| 10      | DLC/KLY                | Ashish Kr. Deb        | ALC, Kalyani                                       | 1.30                       |
| 11      | DLC/KLY                | Ram Pukar Singh       | ALC, Kalyani                                       | 1.50                       |
| 12      | DLC/KLY                | Prasant De            | ALC, Kalyani                                       | 1.30                       |
| 13      | Application no.21-p/08 | Amitava Chatterjee    | Controlling Authority,<br>Shops and Establishments | 4.91                       |
| 14      | ALC/48(48)/11          | Tarun Kr. Haldar      | ALC- Central-I, Kol                                | 2.65                       |
| 15      | ALC/48(4)/11           | Tapan Kr. Das         | ALC- Central-I, Kol                                | 1.40                       |
| 16      | ALC/48(3)/11           | Subhojit Das          | ALC- Central-I, Kol                                | 0.58                       |
| 17      | ALC/48(25)/11          | G Sarkar              | ALC- Central-I, Kol                                | 1.41                       |
| 18      | ALC 48(73)/10          | Sushil Kr. Pal        | ALC- Central-I, Kol                                | 0.53                       |

*f. Case filed by the worker Union of JNIL*

| Sl. No. | Case No.   | Name of Party         | Pending before               | Amount    | Present Status   |
|---------|------------|-----------------------|------------------------------|-----------|--|
| 1       | VIII-84/06 | Naihati Works Closure | Industrial Tribunal, Kolkata | NIL       | Pending for hearing  |
| 2       | VIII-61/06 | H. O. Office Closure  | Industrial Tribunal, Kolkata | Back Wage | JNIL has filed a SLP before the Supreme Court (SLP No, 24807/2012) which is pending before the Supreme Court for hearing |

*g. Winding up cases filed by various Creditors against JNIL*

| Sl. No. | Case No.      | Party Name        | Pending before         | Amount Involved ( in Lacs) | Present Status   |
|---------|---------------|-------------------|------------------------|----------------------------|--|
| 1       | CP NO. 559/02 | Alok Transport    | High Court of Calcutta | 4.86                       | In view of the registration of JNIL with BIFR, the proceedings have been stayed till disposal of BIFR proceedings. |
| 2       | CP NO. 136/03 | Ashesh Chatterjee | -Do-                   | 0.53                       | -Do-   |
| 3       | CP NO.        | Gazal Roadways    | -Do-                   | 14.69                      | -Do-   |

|    |                  |   |      |        |      |
|----|------------------|---|------|--------|------|
|    | 177/00           |   |      |        |      |
| 4  | CP NO.<br>437/00 | Graphic Aids                            | -Do- | 4.3    | -Do- |
| 5  | CP NO.<br>265/01 | Himachal Turpine                        | -Do- | 4.03   | -Do- |
| 6  | CP NO.<br>359/02 | Hindustan<br>Roadlink                   | -Do- | 12.96  | -Do- |
| 7  | CP NO.<br>232/02 | J K Carriers                            | -Do- | 2.44   | -Do- |
| 8  | CP NO.<br>679/01 | Mfalal Dyers &<br>Chem                  | -Do- | 42.04  | -Do- |
| 9  | CP NO.<br>358/02 | Micro Chemprit                          | -Do- | 7.35   | -Do- |
| 10 | CP NO.<br>446/02 | Noble Synthetic                         | -Do- | 30.84  | -Do- |
| 11 | CP NO.<br>549/02 | Patel Roadways                          | -Do- | 11.81  | -Do- |
| 12 | CP NO.<br>62/02  | Pidilite Industries                     | -Do- | 2.54   | -Do- |
| 13 | CP NO.<br>245/01 | Senco Petrochem                         | -Do- | 1.76   | -Do- |
| 14 | CP NO.<br>634/01 | Shree Roadways                          | -Do- | 9.34   | -Do- |
| 15 | CP NO.<br>533/00 | Sunries Chemicals                       | -Do- | 32.02  | -Do- |
| 16 | CP NO.<br>409/00 | Synotex Industries                      | -Do- | 1.63   | -Do- |
| 17 | CP NO.<br>229/03 | V K Oils                                | -Do- | 29.49  | -Do- |
| 18 | CP NO.<br>342/03 | Speedways<br>International Pvt.<br>Ltd. | -Do- | 9.61   | -Do- |
| 19 | CP NO.<br>345/03 | Kerala Roadways                         | -Do- | 5.06   | -Do- |
| 20 | CP NO.<br>352/03 | Century Textiles                        | -Do- | 19     | -Do- |
| 21 | CP NO.<br>454/03 | Elga Paints                             | -Do- | 17.88  | -Do- |
| 22 | CP NO.<br>466/03 | Nagarmuli<br>Ramchander                 | -Do- | 1.64   | -Do- |
| 23 | CP NO.<br>456/03 | Flona Coating                           | -Do- | 7.01   | -Do- |
| 24 | CP NO.<br>458/03 | Mehta Trading                           | -Do- | 6.00   | -Do- |
| 25 | CP NO.<br>417/03 | CPS Color Pvt.<br>Ltd.                  | -Do- | 30.64  | -Do- |
| 26 | CP NO.<br>411/03 | FMS Ltd.                                | -Do- | 7.55   | -Do- |
| 27 | CP NO.<br>518/03 | Chemico<br>International                | -Do- | 109.87 | -Do- |
| 28 | CP NO.<br>521/03 | Arvind Industries                       | -Do- | 250.87 | -Do- |
| 29 | CP NO.<br>4/04   | Manot Color Chem                        | -Do- | 19.73  | -Do- |
| 30 | CP NO.<br>3/04   | AA Chemicals                            | -Do- | 14.23  | -Do- |
| 31 | *                | Jaipur Parivahan                        | -Do- | 55.73  | -Do- |
| 32 | CP NO.           | Indian Tin Box                          | -Do- | 8.73   | -Do- |

|    |                  |                               |      |        |      |
|----|------------------|-------------------------------|------|--------|------|
|    | 94/02            |                               |      |        |      |
| 33 | CP NO.<br>478/04 | Shree Vankatesh<br>Metal      | -Do- | 8.47   | -Do- |
| 34 | CP NO.<br>355/00 | Maruti Friegat<br>Movers Ltd. | -Do- | 19.93  | -Do- |
| 35 | CP NO.<br>190/02 | Union Bank of<br>India        | -Do- | 100.40 | -Do- |
| 36 | CP NO.<br>118/01 | Auro Brit                     | -Do- | 6.89   | -Do- |
| 37 | CP NO.<br>469/01 | Balaji Freight                | -Do- | 2.63   | -Do- |
| 38 | CP NO.<br>232/01 | Calcutta Street<br>Adv.       | -Do- | 0.54   | -Do- |
| 39 | CP NO.<br>459/01 | Capital Roadlines             | -Do- | 0.53   | -Do- |
| 40 | CP NO.<br>490/02 | Color Chem                    | -Do- | 32.77  | -Do- |
| 41 | CP NO.<br>308/02 | Durga Oil                     | -Do- | 2.45   | -Do- |
| 42 | CP NO.<br>573/00 | Arth<br>Communication         | -Do- | 2.83   | -Do- |
| 43 | CP NO.<br>173/03 | Ganesh Benzoplast             | -Do- | 0.89   | -Do- |
| 44 | CP NO.<br>172/03 | Ganesh Synthetics             | -Do- | 1.43   | -Do- |
| 45 | CP NO.<br>165/01 | Godrej Soaps                  | -Do- | 2.03   | -Do- |
| 46 | CP NO.<br>588/00 | Hind Tin                      | -Do- | 3.48   | -Do- |
| 47 | CP NO.<br>256/02 | International<br>Corrugated   | -Do- | 5.92   | -Do- |
| 48 | CP NO.<br>369/02 | Kayan Industries              | -Do- | 5.96   | -Do- |
| 49 | CP NO.<br>235/01 | Lime Chemicals                | -Do- | 0.71   | -Do- |
| 50 | CP NO.<br>442/01 | Manish Enterprizes            | -Do- | 18.24  | -Do- |
| 51 | CP NO.<br>521/01 | Modipon                       | -Do- | 5.13   | -Do- |
| 52 | CP NO.<br>291/01 | North Bengal<br>Transport     | -Do- | 3.35   | -Do- |
| 53 | CP NO.<br>651/00 | SA Solution                   | -Do- | 0.47   | -Do- |
| 54 | CP NO.<br>263/01 | Esdee Industries              | -Do- | 10.45  | -Do- |
| 55 | CP NO.<br>436/02 | Sunrise Transport             | -Do- | 6.03   | -Do- |
| 56 | CP NO.<br>504/02 | Gaurav Raj<br>Carriers        | -Do- | 16.98  | -Do- |
| 57 | CP<br>NO.505/01  | Transpack                     | -Do- | 1.64   | -Do- |
| 58 | CP NO.<br>461/02 | Herdillia<br>Chemicals        | -Do- | 18.49  | -Do- |
| 59 | *                | Jinal Plastics                | -Do- | 5.34   | -Do- |

\* Case nos. not readily available

### 3. Case filed against Sone Valley Cements Limited

|                   |  |
|-------------------|--|
| Sl.No.            | 1  |
| Department        | Certificate Officer, Daltonganj  |
| Case No.          | Certificate Case No. 1 of 85-86  |
| Date Instituted   | 1985-86  |
| Background        | Sales Tax Dept. filed the case before Certificate Officer, Daltonganj for recovery of ₹ 6,31,195/- |
| Present Status    | Case is pending  |
| Amount / Involved | ₹ 6. 31 Lacs plus interest (not ascertainable)   |

|                   |  |
|-------------------|--|
| Sl.No.            | 2  |
| Department        | Sub-Judge, Darbhanga   |
| Case No.          | MS No. 15 of 1987  |
| Date Instituted   | 25.9.1987  |
| Background        | This suit has been filed by Darbhanga Municipal Corporation before the Sub-Judge, Darbhanga for realization of the money advanced by them to the Company for supply of cement. |
| Present Status    | This suit has been decreed against Company   |
| Amount / Involved | ₹ 0.83 Lacs plus interest (not ascertainable)  |

|                   |  |
|-------------------|--|
| Sl.No.            | 3  |
| Department        | Addl. District Judge, Civil Court, Buxar   |
| Case No.          | Execution Case No. of 1997   |
| Date Instituted   | 1997   |
| Background        | This case had been filed by a Stockist, J.P. Keshari for recovery of decretal amount of ₹ 66,826.15 along with interest. The Company preferred Money Appeal No. 2 of 1997 before the Addl. District Judge, Buxar for setting aside the decree passed in MS No. 10 of 88. |
| Present Status    | Appeal has been admitted and execution proceeding has been stayed.   |
| Amount / Involved | ₹ 0.67 Lacs plus interest (not ascertainable)  |

|                   |  |
|-------------------|--|
| Sl.No.            | 4  |
| Department        | Civil Court, Buxar   |
| Case No.          | Misc. Appeal No. 9 of 2001   |
| Date Instituted   | 2001   |
| Background        | This appeal has been filed by a Stockist, J.P. Keshari against the order of stay passed by the Addl. Dist. Judge in MA No. 2 of 97 |
| Present Status    | Pending for hearing  |
| Amount / Involved | --   |

|                   |  |
|-------------------|--|
| Sl.No.            | 5  |
| Department        | High Court, Patna  |
| Case No.          | CWJC 1159 of 2012  |
| Date Instituted   | 2012   |
| Background        | This writ has been filed by a Security Guard in the High Court Patna against the Company alleging that the Company has not deposited Provident Fund. |
| Present Status    | This writ is pending for hearing.  |
| Amount / Involved | Not Applicable   |

|                   |   |
|-------------------|---|
| Sl.No.            | 6   |
| Department        | Debt Recovery Tribunal, Patna   |
| Case No.          | OA No. 75 of 1998   |
| Date Instituted   | 1998  |
| Background        | This case has been filed by IDBI for realization of ₹ 25,88,11,504/- plus interest. |
| Present Status    | Matter is pending before DRT for adjudication.                                      |
| Amount / Involved | ₹ 2588.12 Lacs  |

|        |   |
|--------|---|
| Sl.No. | 7 |
|--------|---|

|                   |  |
|-------------------|--|
| Department        | Debt Recovery Tribunal, Patna  |
| Case No.          | OA No. 26 of 2000  |
| Date Instituted   | 2000   |
| Background        | This case has been filed by Punjab National Bank for realization of ₹ 31,50,56,610.51/- plus interest @ 16%. |
| Present Status    | Matter is pending before DRT for adjudication.   |
| Amount / Involved | ₹ 3150.57 Lacs plus interest (not ascertainable)   |

***Material Developments***

Except as stated in — “***Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant developments after March 31, 2012***” on page 155, there have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which can materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability of pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary material consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.*

### I. Approvals in relation to our incorporation

1. Certificate of incorporation dated August 11, 1937, as “Kalyanpur Lime & Cement Works Limited” under the Indian Companies Act, 1913 from the Registrar of Companies, West Bengal.
2. Certificate of Commencement of Business dated November 9, 1937, under the Indian Companies Act, 1913 from the Registrar of Companies, West Bengal.
3. Fresh certificate of incorporation dated March 9, 1988, consequent to change of name from “Kalyanpur Lime & Cement Works Limited” to “Kalyanpur Cements Limited”.

### II. Approvals related to the Issue

1. Resolution of the Board dated May 25, 2012 approving the Issue.
2. In-principle approval from the BSE dated [●] in respect of listing of the Equity Shares pursuant to the Issue.

### III. Approvals in relation to our operations

#### *Permanent Account Number (PAN)*

Our Company has been issued Permanent Account Number - AABCK1273H by the Income Tax Department.

#### *Taxation Deduction Account Number (TAN)*

Our Company has been issued Taxation deduction account number - PTNK00167G by the Income Tax Department.

#### *Service Tax Registrations*

| Description   | Reference Number    | Date of Expiry           |
|---|---------------------|--------------------------|
| Service Tax registration issued under the Finance Act, 1994, by Superintendent, Central Excise & Service Tax, Dalmianagar | GTA/DAL/KCL/01/2005 | Valid until cancellation |

#### *Professional Tax*

| Description   | Reference Number | Date of Expiry           |
|---|------------------|--------------------------|
| Certificate of Registration under Section 5 of Bihar Tax on Professions, Traders, Callings and Employments Act, 2011  | 10PTNK00167G     | Valid until cancellation |
| Certificate of Registration under The West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979 | 288870           | Valid until cancellation |

#### *Importer Exporter Code Registration*

| Description   | Reference Number | Date of Expiry           |
|---|------------------|--------------------------|
| Importer Exporter Code issued by the Director General of Foreign Trade, Ministry of Commerce, Government of India | 2193000271       | Valid until cancellation |

**Central Sales Tax and VAT Registrations**

| Description   | Reference Number | Date of Expiry           |
|---|------------------|--------------------------|
| Registration certificate issued under the Bihar Value Added Tax Ordinance, 2005 by the Deputy Commissioner of Commercial Taxes, Patna | 10010066030      | Valid until cancellation |
| Registration certificate issued under the West Bengal Value Added Tax Rules, 2005 by the Commissioner, Commercial Taxes, West Bengal  | 19480379051      | Valid until cancellation |
| Registration certificate issued under the Central Sales Tax Act, 1956 by the Deputy Commissioner of Commercial Taxes, Patna           | CST-10010066127  | Valid until cancellation |
| Registration certificate issued under the Central Sales Tax Act, 1956 by the Commissioner, Commercial Taxes, West Bengal              | 19480379245      | Valid until cancellation |

**Excise Registration**

| Description  | Reference Number | Date of Expiry           |
|--|------------------|--------------------------|
| Central Excise Registration issued under Central Excise Rules, 2002 by the Assistance Commissioner of Central Excise, for our factory at Banjari | AABCK1273HXM001  | Valid until cancellation |

**Registration for entry of goods in Bihar**

| Description  | Reference Number | Date of Expiry           |
|--|------------------|--------------------------|
| Registration certificate issued under the Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale therein Ordinance, 1993 | ET-10010066224   | Valid until cancellation |

**License from Bureau of Indian Standards**

| Description   | Reference Number | Date of Expiry   |
|---|------------------|------------------|
| License for manufacture of 43 grade ordinary Portland cement by Bureau of Indian Standards, Patna | CM/L- 5057458    | March 21, 2013   |
| License for manufacture of 53 grade ordinary Portland cement by Bureau of Indian Standards, Patna | CM/L- 5031541    | October 26, 2012 |
| License for manufacture of  | CM/L-5274567     | July 4, 2013     |

|  |              |               |
|--|--------------|---------------|
| Portland pozzolana cement part 1 flyash based by Bureau of Indian Standards, Patna                                     |              |               |
| License for manufacture of Portland slag cement by Bureau of Indian Standards, Patna                                   | CM/L-1218638 | June 30, 2013 |
| License for manufacture of Portland – pozzolana cement part 2 calcined clay based by Bureau of Indian Standards, Patna | CM/L-1218739 | June 30, 2013 |
| License for manufacture of 33 grade ordinary Portland cement by Bureau of Indian Standards, Patna                      | CM/L-1218537 | June 30, 2013 |

**Registrations under the local Shops and Establishment Acts**

| Description  | Reference Number | Date of Expiry                          |
|--|------------------|---|
| Registration Certificate issued under the Bihar Shops and Establishment Act, 1953 by the Registering Authority, Patna for Sales & Marketing Office                     | PT-19194(750-2)  | Valid till closure of the Establishment |
| Registration Certificate issued under the Bihar Shops and Establishment Act, 1953 by the Registering Authority, Patna for Corporate Office                             | PT-019597(734-2) | Valid till closure of the Establishment |
| Registration Certificate issued under the West Bengal Shops and Establishments Act, 1963 by the Registering Authority, Government of West Bengal for Registered Office | C/HARE/P-II/4415 | Valid till closure of the Establishment |

**Factory Licence**

| Description  | Reference Number | Date of Expiry    |
|--|------------------|-------------------|
| Factory Licence issued under the Factories Act, in respect of our factory at Banjari, Rohtas | 724/RTS          | December 31, 2015 |

**Employees' State Insurance**

| Description  | Reference Number  | Date of Expiry |
|--|-------------------|----------------|
| Registration Certificate issued by the Employees' State Insurance Corporation under Employees' State Insurance Act, 1948 | 41420022180010406 | --             |

**Trade Licence**

| Description  | Reference Number | Date of Expiry |
|--|------------------|----------------|
| Trade License issued by Kolkata Municipal Corporation Licence Department | 006501014050     | 2012-13        |

**Pollution and Fire Safety**

| Description  | Reference Number         | Date of Expiry    |
|--|--------------------------|-------------------|
| No Objection Certificate from Fire Station Officer, Dehri under Bihar Fire Service Rules, 1955   | 139                      | November 25, 2012 |
| No Objection Certificate from Fire Station Officer, Dehri under Bihar Fire Service Rules, 1955   | 140                      | December 31, 2012 |
| Emission Consent Order in respect of our factory at Banjari issued under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 by the Bihar State Pollution Control Board, Patna       | P/T 3-2014/85-T- 10751   | June 30, 2013     |
| Discharge Consent Order in respect of our factory at Banjari issued under section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 by the Bihar State Pollution Control Board, Patna | No. P/T2-1054/85-T-10750 | June 30, 2013     |

**Contract Labour Registration**

| Description  | Reference Number | Date of Expiry           |
|--|------------------|--------------------------|
| Certificate of Registration issued under Section 7(2) of the Contract Labour (Regulation & Abolition) Act, 1970 by Ministry of Labour, Government of India | R-8/98-ALC-I     | Valid until cancellation |

**Other registrations**

| Description  | Reference Number | Date of Expiry                                      |
|--|------------------|---|
| Registration Certificate issued under Rule 35 of Standard of Weights & Measures (Packed Commodities) Rules, 1977 by Department of Agriculture (Weights & Measures Unit), Patna | BH-018/2007 WM   | Valid until cancellation                            |
| Registration Certificate issued by Inspector, Weights & Measures (Legal Metrology) Dehri-o-sona, Sasaram, Rohtas   | 1484/560/07      | March 31, 2013                                      |
| Registration Certificate issued by Inspector, Weights & Measures (Legal Metrology) Dehri-o-sona, Sasaram, Rohtas   | 210/1483/06      | September 30, 2013                                  |
| Registration Certificate issued by Inspector, Weights & Measures (Legal Metrology) Dehri-o-sona, Sasaram, Rohtas   | 210/06           | June 30, 2013                                       |
| Registration Certificate issued by Inspector, Weights & Measures (Legal Metrology) Dehri-o-sona, Sasaram, Rohtas   | 589/560/07       | December 31, 2013                                   |
| Wireless Telegraph License from Ministry of Communications &   | P-638            | Applied for renewal vide letter dated June 29, 2012 |

|  |                          |                   |
|--|--------------------------|-------------------|
| Information Department of Telecommunication Technology, of   |                          |                   |
| Licence for importation of 70 K.L. Petroleum under Explosives Rules, 2008 issued by Petroleum and Explosives Safety Organisation, Hazaribagh   | P/HQ/BI/15/173(P9293)    | December 31, 2013 |
| Licence for storage of 20 KL Petroleum under Explosives Rules, 2008 issued by Petroleum and Explosives Safety Organisation, Hazaribagh   | P/EC/BI/14/1762(P152806) | December 31, 2012 |
| Licence for storage of 15 KL Petroleum under Explosives Rules, 2008 issued by Petroleum and Explosives Safety Organisation, Hazaribagh   | P/EC/BI/14/273(P42401)   | December 31, 2013 |
| Licence for possession for use of Nitrate Mixture, Safety Fuse, Detonating Fuse & Detonators under Explosives Rules, 2008 issued by Petroleum and Explosives Safety Organisation, Hazaribagh | E/HQ/BI/22/31(E43465)    | March 31, 2013    |

***Intellectual Property Registrations***

The Company owns the following trademarks registered under the Trade Marks Act.

| Sl. No. | Trade Mark                             | Class | Registration No. | Date of Registration | Date of Expiry      |
|---------|--|-------|------------------|----------------------|---------------------|
| 1.      | “KALYANPUR”<br>Cements Limited         | 19    | 836789           | January 14,<br>1999  | January 14,<br>2019 |
| 2.      | KC Super Cement                        | 19    | 836790           | January 14,<br>1999  | January 14,<br>2019 |
| 3.      | DGT<br>(DOUBLE GRINDING<br>TECHNOLOGY) | 19    | 836791           | January 14,<br>1999  | January 14,<br>2019 |

## STATUTORY AND OTHER INFORMATION

### **Authority for the Issue**

This Issue is being made pursuant to the resolution passed by the Board of Directors of the Company under section 81(1) of the Companies Act, at its meeting held on May 25, 2012.

The Board of Directors has also approved the Entitlement ratio of 1 Rights Issue Equity Shares for every 2 Equity Shares held on the Record Date. The Capital Raising Committee in its meeting held on May 25, 2012 has approved the Issue price at ₹ 10 per Rights Issue Equity Share. The Capital Raising Committee has also fixed the Record Date to be [●], 2102.

### **Prohibition by SEBI / RBI / Government authorities**

Neither the Company, nor its Promoters, directors, any of the Company's Associates or Group Companies, and Companies with which the directors of Issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. Further, the Directors of the Company are not associated with the capital markets and not been prohibited from accessing the capital markets under any order or direction passed by SEBI. Further the Promoter, their relatives (as per Act), the Company, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities

### **Eligibility for the Issue**

Our Company has complied with the provisions of Regulation 4(2) of the SEBI Regulations in connection with the general eligibility requirements for the Issue and confirms that:

- i. Our Company, our Promoters, our Promoter Group, our Group Entities, Directors or person(s) in control of our Promoter have not been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
- ii. None of our Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
- iii. Our Company, our Directors, our Promoters, our Promoter Group, our Group Entities and the relatives (as per the Companies Act) of our Directors and our Promoters, have not been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by us in the past, and no such proceedings are pending against us for alleged violation of securities laws;
- iv. Our Company is an existing company registered under the Companies Act, whose Equity Shares are listed on the Stock Exchanges, namely the BSE and the CSE and we have received in-principle approvals for listing of the Rights Shares to be issued pursuant to this Issue from the BSE by letters dated [●], and have chosen the BSE to be the Designated Stock Exchange for the purposes of this Issue.
- v. All existing paid-up Equity Shares of our Company are fully paid up as on the date of the Draft Letter of Offer, there are no outstanding partly paid-up Equity Shares of our Company;
- vi. The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue. Thus, provisions of Regulation 4(g) of the SEBI Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and internal accruals/ other sources, does not apply to our Company as our Company do not proposes to avail any borrowed funds for part financing the Object of the Issue.

Save as disclosed above, none of our other Directors are associated with the securities market in any manner.

## **DISCLAIMERS**

### **SEBI DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, MICROSEC CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 24, 2012 WHICH WILL READ AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - a) THE DRAFT LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE.**
  - b) ALL THE LEGAL REQUIREMENTS TO THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE AS THE PRESENT ISSUE IS RIGHTS ISSUE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FORM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURHTER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO

**DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
  - a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**
  - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATIONWISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- 16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR- NOT APPLICABLE AS THE PRESENT ISSUE IS RIGHTS ISSUE.**

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRRREGULARITIES OR LAPSES IN OFFER DOCUMENT".

**CAUTION**

**DISCLAIMER CLAUSE OF THE ISSUER AND LEAD MANAGER**

**THE COMPANY AND THE LEAD MANAGER, VIZ. MICROSEC CAPITAL LIMITED ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT LETTER OF OFFER OR IN ANY ADVERTISEMENT OR OTHER MATERIAL ISSUED BY THE COMPANY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.**

**INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE REPRESENTED TO THE ISSUER COMPANY AND LEAD MANAGER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT**

**ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.**

**THE LEAD MANAGER AND THE COMPANY SHALL MAKE ALL INFORMATION AVAILABLE TO THE EQUITY SHAREHOLDERS AND NO SELECTIVE OR ADDITIONAL INFORMATION WOULD BE AVAILABLE FOR A SECTION OF THE EQUITY SHAREHOLDERS IN ANY MANNER WHATSOEVER INCLUDING AT PRESENTATIONS, IN RESEARCH OR SALES REPORTS ETC. AFTER FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI.**

**Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

**Selling Restrictions**

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Letter of Offer and CAFs to Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the rights entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**United States Restrictions**

NEITHER THE RIGHTS ENTITLEMENTS NOR THE SECURITIES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATIONS")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. NEITHER THE COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS OR RENUNCIATIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, EITHER A "U.S. PERSON"

(AS DEFINED IN REGULATION S) OR OTHERWISE IN THE UNITED STATES. ANY PERSON SUBSCRIBING TO THE EQUITY SHARES OFFERED HEREBY WILL BE DEEMED TO REPRESENT THAT SUCH PERSON IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) OR OTHERWISE IN THE UNITED STATES AND HAS NOT VIOLATED ANY U.S. SECURITIES LAWS IN CONNECTION WITH THE EXERCISE.

#### **European Economic Area Restrictions**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a “Relevant Member State”) the Company has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

- a) to legal entities which are authorised or regulated to operate in the financial markets, or if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €4,30,00,000 and (3) an annual net turnover of more than €5,00,00,000, as shown in its last annual or consolidated accounts; or
- c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the lead manager; or
- d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an Investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

#### **United Kingdom Restrictions**

This Draft Letter of Offer is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

#### **Disclaimer Clause of the BSE**

BSE has given vide its letter dated [●], permission to this Company to use the Exchange’s name in this Draft Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The

Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:

**“Any person who**

**a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

**b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

### **Consents**

The written consents of the Promoters, the Directors, our Company Secretary and Compliance Officer, the Auditor, the legal advisors, Registrar to the Issue, Banker to the Company, the Lead Manager, Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the time of delivery of the Draft Letter of Offer with the Stock Exchange.

The Auditors of our Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Draft Letter of Offer and also the tax benefits accruing to our Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Draft Letter of Offer with the Stock Exchange.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, the necessary consents shall be obtained by us.

### **Expert Opinion, if any**

Except in the sections titled **“Financial Statements”** and **“Auditors’ Report on Statement of Tax Benefits”** beginning on page 123 and 53 of this Draft Letter of Offer, respectively, no expert opinion has been obtained by our Company in relation to this Draft Letter of Offer.

### **Filing**

The Draft Letter of Offer has been filed with SEBI, Eastern Regional Office, L&T Chambers, 3<sup>rd</sup> Floor, 16 Camac Street, Kolkata 700 017 to give its observations and a copy has been filed with the Stock Exchange as per the requirement under Regulation 6(4) of the SEBI (ICDR) Regulations. All the legal requirements applicable till the date of filing this Draft Letter of Offer with the Stock Exchange have been complied with.

### Issue Related Expenses

The expenses of the Issue payable by the Company include brokerage, fees and reimbursement to the Lead Manager, Auditors, Legal Advisor, registrar to the issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

| Activity   | Expense<br>(₹ in Lacs) | Expense<br>(% of total expenses) | Expense<br>(% of Issue Size) |
|--|------------------------|----------------------------------|------------------------------|
| Lead Management Fees, Legal Advisors and Others fees                   | 16.50                  | 66.00                            | 1.55                         |
| Advertisement and Marketing Expenses                                   | 2.50                   | 10.00                            | 0.24                         |
| Printing & Distribution (including courier and transportation charges) | 2.00                   | 8.00                             | 0.19                         |
| Others (Registrar's fees, Listing Charges, SEBI fees, taxes etc)       | 2.50                   | 10.00                            | 0.24                         |
| Others   | 1.50                   | 6.00                             | 0.14                         |
| <b>Total</b>   | <b>25.00</b>           | <b>100.00</b>                    | <b>2.35</b>                  |

### Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by in-house registrar and share transfer agent. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 15 days.

#### Status of Complaints

- Total number of complaints received and disposed off for the period between three years preceding the Draft Letter of Offer and up to September 21, 2012: 27
- No. of shareholders complaints pending as on September 21, 2012: 1
- Time normally taken by our Company for disposal of various types of Investor grievances: 21 days

#### Investor Grievances arising out of this Issue

The Company's Investor grievances arising out of the Issue will be handled by Link Intime India Pvt. Ltd who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Allotment Advice/ share certificate / refund orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio number, name and address, contact telephone/cell numbers, email id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be seven days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

**Previous public/rights issues by the Company in the last five years**

Our Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of the Draft Letter of Offer.

**Issues for consideration other than cash**

Other than as disclosed in the chapter “*Capital Structure*” on page 38 we have not made any issue of Equity Shares for consideration other than cash.

**Commission or brokerage on previous issues**

As our Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of the Draft Letter of Offer, our Company has not paid any commission or brokerage on previous issues with respect to these five years.

**Promise versus Performance**

Neither our Company nor our Promoter Group Companies have made any previous rights or public issues in the last 10 years from the date of filing of the Draft letter of Offer.

**The contact details of the Registrar to the Issue are:**

Link Intime India Pvt. Ltd  
59C, Chowringhee Road, 3<sup>rd</sup> Floor  
Kolkata – 700 020  
Tel: + 9133 2289 0540  
Fax: + 9133 2289 0539

**Investors may contact the Compliance Officer / Company Secretary in case of any Pre-Issue/ Post-Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc. His address is as follows:**

**P. K. Chaubey**  
Maurya Centre,  
1, Fraser Road, Patna 800 001  
Tel.: +91 612 2226727, 3092009  
Fax: +91 612 2332884  
Website: [www.kalyanpur.com](http://www.kalyanpur.com)  
E-mail: [pkchaubey@kalyanpur.com](mailto:pkchaubey@kalyanpur.com)

**Outstanding debentures or bonds and redeemable preference shares**

The Company has issued preference shares and non-convertible debentures as detailed in “*Capital Structure*” and “*Financial Indebtedness*” on page 38 and page 159 of this Draft Letter of Offer respectively.

**Changes in Auditors during the last three years**

There has been no change in statutory auditors of our Company in the last three financial years.

**Capitalization of Reserves or Profits**

Our Company has not capitalized any of its reserves or profits for the last five years.

**Revaluation of Fixed Assets**

There has been no revaluation of the Company’s fixed assets for the last five years.

## SECTION VII -TERMS OF THE PRESENT ISSUE

The Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the Foreign Exchange Management Act, 1999, as amended (“FEMA”), guidelines and regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time..

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIB applicants and Non Institutional Investors, must participate in the Issue only through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:**

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available. Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 213 below.

### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of the Company in respect of shares held in the physical form at the close of business hours on the Record Date i.e. [●] fixed in consultation with the Designated Stock Exchange.

### **Rights Entitlement**

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on the Record Date, i.e., [●], you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.

### **Principal Terms of the Equity Shares**

#### **Face value**

Each Equity Share shall have the face value of ₹ 10

### **Issue Price**

Each Equity Share shall be offered at an Issue Price of ₹ 10 for cash per Equity Share. The Issue Price has been arrived in consultation between the Company and the Lead Manager.

### **Rights Entitlement Ratio**

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 Equity Shares for every 2 Equity Shares held as on the Record Date.

### **Terms of payment**

The entire Issue Price of ₹ 10 per Share is payable on application only.

### **Fractional entitlements**

The Rights Issue Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of 1 Rights Issue Equity Shares for every 2 Equity Shares held as on the Record Date. If the shareholding of any of the Equity Shareholders is less than 2 Equity Shares or is not in multiple of 2, the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the allotment of one additional Rights Issue Equity Share each, if such Equity Shareholders have applied for additional Rights Issue Equity Shares.

Those Equity Shareholders holding 1(one) Equity Share and therefore entitled to zero Rights Issue Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Rights Issue Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable /non-renunciabile.

### **Ranking of the Equity Shares**

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of the Company.

### **Listing and trading of Equity Shares proposed to be issued**

The Company's existing Equity Shares are currently traded on the Stock Exchanges under the scrip code 502150 on BSE and 21105 on CSE. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid Equity Shares of the Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven working days from the finalisation of the basis of allotment. The Company has made an application for "in-principle" approval for listing of the Equity Shares respectively to the BSE through letter dated [●] and has received such approval from the BSE pursuant to the letter no. [●] dated [●].

### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

## **General Terms of the Issue**

### **Market lot**

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one. In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio (“Consolidated Certificate”).

### **Joint-holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

### **Nomination facility**

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

**In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicants want to change their nomination, they are requested to inform their respective DP.**

### **Notices**

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper in Kolkata with wide circulation and/or, will be sent by ordinary post/ to the registered holders of the Equity Share from time to time.

### **Additional Subscription by the Promoter**

The Promoters have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Takeover Code, the Promoters and Promoter Group reserve their right to subscribe for Equity Shares in this Issue by subscribing for renunciation, if any, made by any other Promoters or Promoter Group or any other shareholders. The Promoters have provided an undertaking dated September 18, 2012 to the Company that they intend to subscribe to the full extent of their entitlement in the Issue in compliance with regulation 10 (4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“the Takeover Regulations”). The Promoters have further confirmed that they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least 90% of

the Issue size is subscribed. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by them shall be in accordance with regulation 10 (4) of the Takeover Regulations. As such, other than meeting the requirements indicated in the section “**Objects of the Issue**” on page 47, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters and Promoter Group, in this Issue, the Promoters’ shareholding in the Company exceeds their current shareholding. The Promoters and Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters and Promoter Group of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements. For details, please see the section “**Basis of Allotment**” on page 213.

### **Procedure for Application**

The CAF would be printed in black ink for all shareholders. An additional separate advise for non-resident shareholders will be provided. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Maheshwari Datamatics Pvt. Ltd, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders can obtain a copy of the CAF from the Registrars to the Issue, [●] from their office located at [●], India by furnishing the registered folio number, DP ID number, Client ID number and their full name and address.

### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part by filling Part A of the enclosed CAF and submit the same along with the Application Money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. **Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque /demand draft, net of bank and postal charges, payable at Kolkata to the Registrar to the Issue by registered post.** Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. The applications received through registered post shall be dealt with by the Registrars to the Issue in the normal course.

### **Offer to Non-Resident Equity Shareholders/Applicants**

As per Regulation 6 of notification No. FEMA 20/200-RB dated May 3, 2000 the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional shares. Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / notification No. FEMA 20/200-RB dated May 3, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Letter of offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made. No Mutual Fund scheme may invest more than 10% of its net asset value in equity shares or equity related instruments of any company, provided that the limit of 10% will not apply to investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes may own more than 10% of any Company's paid-up share capital carrying voting rights.

### **Option available to the Equity Shareholders**

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;
- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares.
- Renounce his Rights Entitlement in full.

Renounees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "*Basis of Allotment*" on page 213.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renounee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF(s), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or by laws to hold Equity Shares, as the case may be).

Any renunciation from resident Indian Shareholder(s) to Non/resident Indian(s) or from Non/resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/Renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

‘Part A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (‘Part B’ of the CAF) duly filled in shall be conclusive evidence for the Company of the Renounees applying for Equity Shares in ‘Part C’ of the CAF to receive allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. ‘Part A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares in favour of any other person.

**Procedure for renunciation**

**a) To renounce the whole offer in favour of one renounee**

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favor renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

**b) To renounce in part/or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

**Renounee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

**Change and/ or introduction of additional holders**

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the Renounee(s) without assigning any reason thereof.

**Instructions for Options**

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

| <b>Option</b> | <b>Option Available</b>  | <b>Action Required</b>   |
|---------------|--|--|
| A             | Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A (All joint holders must sign)  |
| B             | Accept your entitlement in full and apply for additional Equity Shares.  | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign). |
| C             | Renounce your entitlement in full to one                                 | Fill in and sign Part B (all joint holders must sign)  |

|   |  |  |
|---|--|--|
|   | person (Joint renounees not exceeding three are considered as one renounee).   | indicating the number of Equity Shares renounee and hand over the entire CAF to the renounee. The renounees must fill in and sign Part C of the CAF (All joint renounees must sign).   |
| D | 1. Accept a part of your entitlement and renounee the balance to one or more renounee(s).<br>OR<br>2. Renounee your entitlement to all the Equity Shares offered to you to more than one renounee. | Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below:<br>i. For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1).<br>ii. For the Equity Shares you wish to renounee, fill in and sign Part B indicating the number of Equity Shares renounee and hand over the split CAFs to the renounees.<br>iii. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them. |
| E | Introduce a joint holder or change the sequence of joint holders.  | This will be treated as a renounciation. Fill in and sign Part B and the renounees must fill in and sign Part C.   |

**Please note that:**

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the applicant for the Split Application Form should reach the Registrars on or before [●].
- Only the person to whom this Draft Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounee and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

**Mode of payment for Resident Equity Shareholders/ Applicants**

- All cheques / drafts accompanying the CAF should be drawn in favour of "[●]" and marked 'A/c Payee only'.
- Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft of amount net of bank and postal charges, for the full application amount favouring "[●]" and marked 'A/c Payee only' payable at Kolkata directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

**Mode of payment for Non-Resident Equity Shareholders/ Applicants**

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft / cheque payable at Kolkata or funds remitted from abroad in any of the following ways:

**Application with repatriation benefits**

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft/cheque payable at Kolkata or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Kolkata; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Kolkata; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques/drafts submitted by non-residents applying on repatriable basis should be drawn in favour of “[●]” payable at Kolkata and crossed ‘A/c Payee only’ for the amount payable.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NR who remits their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant’s Bankers.

#### **Application without repatriation benefits**

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Kolkata or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Kolkata. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of ‘[●]’ payable at Kolkata and must be crossed ‘A/c Payee only’ for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

#### **Note:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Our Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions. Renounees who are NRIs / FIIs / Non Residents should submit their

respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Kolkata so that the same are received on or before the closure of the Issue. NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

#### **Availability of Duplicate CAF**

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID No. and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

#### **Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft net of bank and postal charges, drawn in favor of “[●]” in case of resident shareholders and nonresident shareholders applying on non-repatriable basis and in favour of “[●]” payable at Kolkata, in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach them on or before the closure of the Issue. In such case the demand draft should be payable at Kolkata.

The envelope should be subscribed “[●]” and should be postmarked in India. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Kalyanpur Cements Limited
- Name and address of the Equity Shareholder including joint holders
- Registered Folio No./ DP ID No. and Client ID No.
- Number of shares held as on Record Date.
- Certificate numbers and distinctive Nos., if held in physical form.
- Number of Rights Equity Shares entitled.
- Number of Rights Equity Shares applied for.
- Number of additional Equity Shares applied for, if any.
- Total number of Equity Shares applied for.
- Total amount paid on application
- Particulars of cheque/draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order.
- PAN number, Income Tax Circle/Ward/District, photocopy of the Pan card/Form 60/ Form 61 declaration and for each applicant in case of joint names.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

#### **Last date of Application**

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for a minimum of 15 (fifteen) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment” below.

#### **Basis of Allotment**

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- a) Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an undersubscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full allotment under (a) and (b) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ for the purpose of regulation 10(4) of the Takeover Code which would be available for allocation under (b) and (c) above. The Promoters have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Takeover Code, the Promoter and Promoter Group reserve their right to subscribe for Equity Shares in this Issue by subscribing for renunciation, if any, made by any other Promoters or Promoter Group or any other shareholders. The Promoters have provided an undertaking dated September 18, 2012 to the Company that they intend to subscribe to the full extent of their entitlement in the Issue in compliance with regulation 10 (4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“the Takeover Regulations”). The Promoters have further confirmed that they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least 90% of the Issue size is subscribed. As such, other than meeting the requirements indicated in the section “*Objects of the Issue*” on page 47, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters and Promoter Group, in this Issue, the Promoters’ shareholding in the Company exceeds their current shareholding. The Promoters and Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters and Promoter Group of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

#### **Arrangements for disposal of odd lots**

Since the market lot for our Company’s Equity Shares is one (1), there is no question of disposal of odd lots.

#### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

**This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft**

**Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.**

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

#### **Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the Record Date and who:

- are holding Equity Shares in dematerialised form and has applied towards his/her rights entitlements or additional Securities in the Issue in dematerialised form;
- Has not renounced his entitlements in full or in part;
- are not a Renouncee;
- are applying through blocking of funds in a bank account with one of the SCSBs.

#### **CAF**

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

#### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

#### **Mode of payment**

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrars. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Guidelines, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIB applicants and Non Institutional Investors, must participate in the Issue only through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:**

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renounee; and
- apply through a bank account maintained with one of the SCSBs

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

#### **Options available to the Equity Shareholders applying under the ASBA Process**

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

| <b>Option Available</b>  | <b>Action Required</b>   |
|--|--|
| Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )  |
| Accept your entitlement in full and apply for additional Shares          | Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Shares ( <i>All joint holders must sign</i> ) |

**The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

#### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled too, provided that (i) you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Present Issue - Basis of Allotment*” on page 213.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

#### **Renunciation under the ASBA Process**

Renounees cannot participate in the ASBA Process.

#### **Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper, and the Equity shareholders should send the same by registered post directly to SCSB.

The envelope should be superscribed “KCL-RIGHT ISSUE” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Kalyanpur Cements Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 10 per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number along with name and address of the SCSB and Branch from which the money will be blocked;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
  - a. That he/she is an ASBA Investor as per the SEBI ICDR and
  - b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

#### **Option to receive Securities in Dematerialized Form**

**SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

#### **General instructions for Equity Shareholders applying under the ASBA Process**

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.

- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Shareholder, folio numbers and CAF number.
- i) Only the person or persons to whom Securities have been offered and not renounee(s) shall be eligible to participate under the ASBA process.

***Do's:***

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- e) Ensure that there are sufficient funds (equal to {number of Equity Shares, as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- h) Each applicant should mention their Permanent Account Number ("PAN") allotted under the I. T. Act.
- i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure

that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

- j) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts:***

- a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- b) Do not pay the amount payable on application in cash, by money order or by postal order.
- c) Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under “***Grounds for Technical Rejection***” on page 224 of this Draft Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application for entitlements or additional Equity Shares in physical form.
- b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- c) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d) Renouncee applying under the ASBA Process.
- e) Insufficient funds are available with the SCSB for blocking the amount.
- f) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- g) Account holder not signing the CAF or declaration mentioned therein.

**Depository account and bank details for Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

**Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on**

**refund orders and occupation (“Demographic Details”). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSB BY THE REGISTRAR TO THE ISSUE**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Instructions for unblocking of the ASBA shareholder’s Bank Account shall be made within 15 days from the Issue Closing Date; and
- If the instructions to SCSB to unblock funds in the ASBA accounts are not given within 8 days after the Company becomes liable to repay all moneys received from the applicants in pursuance of this Draft Letter of Offer, i.e. within 7 days from the Issue Closing Date, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

#### **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount

blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA shareholder.

### **Underwriting**

The present Issue is not underwritten.

### **Allotment / Refund**

The Company will issue and dispatch allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the Reserve Bank of India ("RBI") will get refunds through Electronic Clearing Service ("ECS") except where Investors are otherwise disclosed as applicable/eligible to get refunds through direct credit and real time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see the section "*Terms of the Present Issue*" on page 204.

The letter of allotment / refund order exceeding ₹ 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of ₹ 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### **As regards allotment/ refund to non-residents, the following further conditions shall apply:**

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

### **Mode of Making Refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **NECS** – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank

account at any of the centres where such facility has been made available, except where the applicant, being eligible, opts to receive refund through direct credit, NEFT or RTGS.

2. **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. **Direct Credit** – Applicants having their bank account with the Refund Banker, i.e. Punjab National Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.
4. **RTGS** – Applicants having a bank account at any of the 68 centers detailed above, and whose application amount exceeds ₹ 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the CAF, the refund shall be made through the ECS or direct credit, if eligibility disclosed.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to ₹ 1,500 and through speed post / registered post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

#### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatory for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### **Letters of Allotment / Share Certificates / Demat Credit**

Allotment advice / share certificates / demat credit will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from the Issue Closing Date. In case the Company issues allotment advice, the relative shared certificates will be dispatched within one month from the date of the allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

#### **Option to receive Equity Shares in Dematerialized Form**

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed the following tripartite agreements to enable the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates:

- i. Agreement dated December 2, 2003 with CDSL and Link Intime India Pvt. Ltd.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications

for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of the Company will be listed on the BSE and CSE.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the applicant will get Equity Shares in physical form.

The Equity Shares pursuant to this Issue allotted to investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renounees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

**Option to subscribe**

Other than the present Issue, and except as disclosed in – “*Terms of the Present Issue*” on page 204, the Company has not given any person any option to subscribe to the Equity Shares of the Company. The Investors shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.

**Utilization of Proceeds**

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless the basis of allotment is approved by the Designated Stock Exchange.

**General instructions for applicants**

- a) Please read the instructions printed on the enclosed CAF carefully.

- b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head Application on Plain Paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Kolkata of amount net of bank and postal charges, and send their application forms to the Registrar to the Issue by REGISTERED POST/ SPEED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) Applications for any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAF without PAN will be considered incomplete and are liable to be rejected.**
- e) Bank Account Details: It is mandatory for applicants to provide information as to their savings/current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialised form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.
- f) All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g) Signatures should be either in English or Hindi or in any other language specified in the Eight Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company or depositories.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above-referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- i) In case of joint holders, all joint-holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renounees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-

Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agent of our Company in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.
- n) Applicants must write their CAF number at the back of the cheque / demand draft.
- o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

#### **Grounds for Technical Rejections**

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of first applicant not given;
- PAN not mentioned for application of any value;;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- Duplicate Applications, including cases where an applicant submits CAF along with a plain paper application;
- Applications accompanied by Stockinvest;

- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

#### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

#### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 15 days from the close of the Issue in accordance with section 73 of the Act.

For further instruction, please read the Composite Application Form (CAF) carefully.

#### **Utilization of Issue Proceeds**

The Board of Directors declares that:

1. The funds received against this Issue will be transferred to a separate bank account as per sub-section (3) of Section 73 of the Act.
2. Details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such money has been utilized.
3. Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate head in the balance sheet of the Company indicating the form in which such unutilized moneys have been invested.
4. The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

#### **Undertakings by the Company**

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
6. The Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
7. Except as disclosed, no further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
8. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

### **Important**

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed '[●]' on the envelope) to the Registrar to the Issue at the following address:

#### **Registrar to the Issue**

#### **Link Intime India Pvt. Ltd.**

59C, Chowringhee Road,

3<sup>rd</sup> Floor, Kolkata – 700 020

Tel: 91-33 2289 0540

Fax: 91-33 2289 0539

Investor grievance e-mail: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

SEBI Registration No.: INR000004058

Contact Person: Mr. Subhabrata Biswas

- It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled “**Risk Factors**” beginning on page 11 of this Draft Letter of Offer.

**The Issue will remain open for at least 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.**

## SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association. Pursuant to Schedule II of the Companies Act, 1956 and SEBI ICDR Regulations, the main provisions of the Articles of Association of the Company are set forth below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association:

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| Interpretation  | 1. | Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company. |
|   |    | The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith :  |
|   |    | “The Act” means the Companies Act, 1956, and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force.  |
|   |    | “These Articles” means these Articles of Association as originally framed or as from time to time altered by Special Resolution.   |
|   |    | “The Company” means Kalyanpur Cements Limited.   |
|   |    | “The Ddirectors” means the Directors for the time being of the Company.  |
|   |    | “The Board of Directors” or “the Board” means the Board of Directors for the time being of the Company.  |
|   |    | “The Managing Director” means the Managing Director for the time being of the Company.   |
|   |    | “The Corporation” means the Industrial Finance Corporation of India.   |
|   |    | “The Institutions” means those with which the Company has entered into loan or underwriting agreements and includes “The Corporation”.   |
|   |    | “The Office” means the Registered Office for the time being of the Company.  |
|   |    | “Register” means the Register of Members of the Company required to be kept by Section 150 of the Act.   |
|   |    | “The Registrar” means the Registrar of Companies, West Bengal.   |
|   |    | “The Secretary” means the Secretary for the time being of the Company.   |
|   |    | “Dividend” includes bonus.   |
|   |    | “Month” means calendar month.  |
|   |    | “Seal” means the Common Seal of the Company.   |
|   |    | “Proxy” includes Attorney duly constituted under a Power of Attorney.  |
|   |    | “Beneficial Owner” means a person whose name is recorded as such with a Depository”  |
|   |    | “Registered Owner” means a Depository whose name is entered as such in the Register of the Company.”   |
| “SEBI” means the Securities and Exchange Board of India”  |    |  |
| “Depository” means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of Registration to act as a Depository under the Securities and Exchange Board of India Act, 1992.” |    |  |
| “Security” means such security as may be specified by SEBI from time to time.”  |    |  |
| “DRF” means Dematerialisation Request Form.”  |    |  |
| “RRF” means Rematerialisation Request Form”.  |    |  |
| “DP” means Depository Participant who has been granted a Certificate of Registration as such by SEBI.”  |    |  |
| “In writing” and Written” include printing, lithography and other   |    |  |

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|   |    |  | <p>modes of representing or reproducing words in a visible form.</p> <p>Words importing the singular number only include the plural number and vice versa.</p> <p>Words importing persons include corporations.</p>  |
| Table "A" shall not apply                       | 2. |  | Save as reproduced herein the regulations contained in Table "A" in Schedule I to the Act shall not apply to the Company.  |
| Company not to purchase its own shares          | 3. |  | <p>Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of, shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being, be a subsidiary.</p> <p>This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 31.</p>  |
| Company's powers to purchase its own securities | 3A |  | Notwithstanding anything contained in these Articles or the Act, the Company may purchase its own shares or other specified securities which may be referred to "Buy Back" in such manner, subject to such limits and upon such terms and condition as specified under Section 77A, 77AA and 77B of the Act.   |
| <b>SHARES</b>                                   |    |  |  |
|   | 4. |  | <p>"At the date of alteration of this Article, the share capital of the Company is ₹ 96,70,00,000 (Ninety six crores Seventy lacs) only divided into</p> <p>(i) 7,00,00,000 (seven crore) Equity Shares of ₹ 10/- each</p> <p>(ii) 44,11,766, 0.1% Cumulative Redeemable Preference Shares of ₹15/- each and</p> <p>(iii) 2,00,82,351 unclassified Preference Shares of ₹ 10/- each.</p>   |
| Allotment of shares                             | 5. |  | Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions, at such times, either at part or at a premium, and for such consideration as the Board thinks fit, provided that an option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting and that where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares then, subject to the provisions of Section 81(1A) of the Act, the Board shall issue such shares in the manner set out in Section 81(1) of the Act. |
| Return of Allotments                            | 6. |  | As regards all allotments made from time to time the Company shall duly comply with Section 75 of the Act.   |
| Restriction on allotments                       | 7. |  | The Company shall comply with Section 69 of the Act in respect of an offer of its shares to the public for subscription.   |
| Commission and brokerage                        | 8. |  | The Company may exercise the powers of paying commission conferred by Section 76 of the Act and in such case shall comply with the requirements of that Section, such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay brokerage as may be lawful. PROVIDED HOWEVER that so long as any money remains due from the Company to the Corporation as stated in the proviso to Article 4(ii) no such commission shall be paid without the consent in writing of the Corporation first had been obtained.  |
| Shares at a discount                            | 9. |  | With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class   |

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|                                       |     |     | already issued.  |
| Issue of sweat equity shares          | 9A  |     | Notwithstanding anything contained in these Articles and Section 79 of the Act, the Company may issue sweat equity shares of a class of shares already issued fulfilling the conditions as stipulated under section 79A of the Act.<br><br>For the purposes of the provisions of this Article, the expression "sweat equity shares" shall mean equity issued by the company to employees or directors at discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;  |
|                                       | 9B  |     | All the limitations, restrictions and provisions relating to equity shares shall be applicable to such sweat equity shares issued under the Act.   |
| Instalments on shares to be duly paid | 10. |     | If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalments shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator.  |
| Liability of joint holders of shares  | 11. |     | The joint-holder of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.  |
| Trusts and recognized.                | 12. |     | Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.  |
| Who may be registered.                | 13. |     | Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.   |
| Nomination of shares.                 | 13A |     | Notwithstanding anything contained in these Articles or the Act, every holder of Shares in, or holder of Debentures of the Company may, at any time, nominate, in the prescribed manner, in pursuance of the provisions of Section 109A of the Act, a person to whom his shares in, or debentures of, the company shall vest in the event of his death and where the shares in or debentures of, the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares in or Debentures of the Company shall vest in the event of death of all the joint holders.   |
| <b>CERTIFICATES</b>                   |     |     |  |
| Issue of Share Certificate            | 14. | (1) | The issue of share certificates and duplicates and the issue of new share certificates on consolidation or sub-division or in replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old decrepit or worn out or the cages for recording transfers having been utilized or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. |
|                                       |     | (2) | Every member shall be entitled free of charge to ne certificate for all the shares of each class registered in his name or, if the Board so approves, to several certificates each for one or more of such shares but, in respect of each additional certificate, the Company shall be entitled to charge a fee of ₹ 2 or such less sum as the board may determine. Unless the conditions of issue of any shares otherwise   |

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|  |     |       | provide, the Company shall, within three months after the date of either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within two months or receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such share. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders. For every certificate issued in replacement of any existing certificate same for those which are issued on a splitting or consolidation of share certificates into lots of the market unit or which are old, decrepit, worn-out or where the cages in the reverse for recording transfers have been duly utilized, and for every duplicate certificate there shall be paid to the Company the sum of ₹ 2 or such smaller sum together with such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine. |
|  |     | (3)   | The Directors shall not be bound to subdivide a Share Certificate so that after such subdivision such new Share Certificate is for a number of Equity Shares which may less than marketable lots for such Share or for 10 Equity Shares, whichever is less.   |
| Dematerialization of Securities.                   | 14A |       | Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996   |
| Options for Investors.                             | 14B |       | Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. If a person opts to hold his security with a Depository, the Company shall intimate to such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.  |
| Securities in Depositories to be in fungible form. | 14C |       | All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners  |
| Rights of Depositories & Beneficial Owner.         | 14D | (i)   | Notwithstanding anything to the contrary contained in the Companies Act, 1956, or these articles, a Depository shall be deemed to be the registered owner for the purpose of ownership of securities on behalf of the beneficial owners.  |
|  |     | (ii)  | Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.   |
|  |     | (iii) | Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.  |
| Service of Documents.                              | 14E |       | Notwithstanding anything contained in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or  |

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|   |     |     | discs.   |
| Transfer of Securities.   | 14F |     | Nothing contained in Section 108 of the Act, or these Articles shall apply to a transfer of securities effected by a transferor and transferee, when both of whom are entered as Beneficial Owners in the records of a Depository.   |
| Allotment of Securities dealt with by a Depository.   | 14G |     | Notwithstanding anything contained in the Act, or these Articles, where the securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.   |
| Distinctive numbers of Securities held in a Depository.   | 14H |     | Nothing contained in the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.   |
| Register and Index of Beneficial Owners.  | 14I |     | The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.   |
| Stamp duty on Securities held in dematerialized form.   | 14J |     | No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.  |
| Applicability of the Depositories Act.  | 14K |     | In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.   |
| Company to recognize the rights of Registered Holders as also the Beneficial Owners in the records of the Depository. | 14L |     | Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. |
| <b>CALLS</b>  |     |     |  |
| Calls   | 15. |     | The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.  |
| Restriction on power to make calls and notice.  | 16. |     | No call shall exceed one-fourth of the nominal amount of a share, or be made payable within one month after the last preceding call was payable. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.  |
| When interest on call or installment payable.   | 17. | (1) | If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 15% per annum from the day appointed for the payment   |

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|  |     |     | thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.  |
|  |     | (2) | The Board shall be at liberty to waive payment of any such interest either wholly or in part.   |
| Amount payable at fixed times or payable by installments as calls. | 18. |     | If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.   |
| Evidence in actions by Company against shareholders.               | 19. |     | Subject to the provisions of any law in force to the contrary on the trial or hearing of any action or suit brought by the Company against any shareholders or his representatives to recover any debt or money claimed to due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Payment of calls in advance.                                       | 20. |     | The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 percent, per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.  |
| Revocation of call.  | 21. |     | A call may be revoked or postponed at the discretion of the Board.  |
| <b>FORFEITURE AND LIEN</b>   |     |     |   |
| If call or installment not paid notice may be given.               | 22. |     | If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same the Board may, at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.  |
| Form of Notice.  | 23. |     | The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.  |
| If notice not complied with shares may be forfeited.               | 24. |     | If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all   |

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|  |     |  | dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.  |
| Notice after forfeiture.   | 25. |  | When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.   |
| Forfeited share to become property of the Company.               | 26. |  | Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.  |
| Power to annul Forefeiture                                       | 27. |  | The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.  |
| Liability on Forfeiture.   | 28. |  | A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding such forfeiture remain liable to pay, and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.   |
| Evidence of Forfeiture.  | 29. |  | A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition. |
| Forfeiture provisions to apply to non-payment in terms of issue. | 30. |  | The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.   |
| Company's lien on shares.  | 31. |  | The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a Transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.  |
| As to enforcing lien by sale.                                    | 32. |  | For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, <i>curator bonis</i> or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for fourteen days after the date of such notice.   |

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| Application of proceeds of sale.                            | 33. |  | The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.   |
| Validity of sales in exercise of lien and after forfeiture. | 34. |  | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.   |
| Board may issue new certificates.                           | 35. |  | Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.   |
| <b>TRANSFER AND TRANSMISSION</b>                            |     |  |   |
| Execution of transfer, etc.                                 | 36. |  | Save as provided in Section 108 of the Act, no transfer of a share shall be Registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate<br>or, if no such certificate is in existence, the Letter of Allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.  |
| Applications by transferor.                                 | 37. |  | Application for the registration of the transfer of a share be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. |
| Form of transfer.   | 38. |  | The instrument of transfer of any share shall be in writing in the usual common form prescribed by the Stock Exchanges in India or in a form as near thereto as circumstances will admit.   |
| In what cases the Board may refuse to register transfer.    | 39. |  | Subject to the provisions of Section 111 and Section 111A of the Act, the Board, without assigning any reason for such refusal, may refuse to register any transfer of, or the transmission by operation of law of the right to, a share upon which the Company has a lien or which is not fully paid up. PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.  |
| No transfer to minor etc.                                   | 40. |  | No transfer shall be made to a minor or person of unsound mind.   |
| Transfer to be left at office when to be                    | 41. |  | Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no  |

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| retained.  |     |     | such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.   |
| Notice of refusal to register transfer.  | 42. |     | If the Board refuses whether in pursuance of Article 39 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111(2) of the Act.  |
| Transmission of registered shares.<br><br>As to survivorship.  | 43. |     | The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the joint holders of any registered share, the survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India and having effect in Calcutta: Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board in its absolute discretion, may consider adequate. |
| As to transfer of shares of insane, minor, deceased or bankrupt members.<br><br>(Transmission Article) | 44. |     | Any Committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share, or may, subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".  |
| Election under the Transmission Article.   | 45. | (1) | If the person so becoming entitled under the transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.   |
|  |     | (2) | If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.   |
|  |     | (3) | All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.  |
| Rights of persons entitled to shares under the Transmission Article.                                   | 46. |     | A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 85 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or  |

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|  |     |  | other moneys payable in respect of the share, until the requirements of the notice have been complied with.   |
| Transmission of shares<br><br>Inserted by Special Resolution dated 17 <sup>th</sup> January, 2002. | 46A |  | Notwithstanding anything contained in these Articles, or the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as to the provisions in the Act, may elect, either to be registered himself as holder of the share or debenture, as the case may be, or to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, as the case may be could have made, complying, however, with the provisions of Section 109B of the Act.  |
| - do -   | 46B |  | Notwithstanding anything contained in these Articles or the Act, every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be Member of the Company.   |
| <b>INCREASE AND REDUCTION OF CAPITAL</b>   |     |  |   |
| Power to Increase Capital.   | 47. |  | The Company in general meeting may, from time to time, increase the capital by the creation of new shares of such amount as may be deemed expedient.  |
| On what conditions New Shares may be issued.   | 48. |  | Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued and the provisions of Section 81 of the Act the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.  |
| Ranking of new shares with existing shares.  | 49. |  | Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.  |
| Inequality in number of new shares.  | 50. |  | If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.   |
| Reduction of capital, etc.   | 51. |  | The Company may, from time to time, by Special Resolution reduce its Capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorized and consent required by law.   |
| <b>ALTERATION OF CAPITAL</b>   |     |  |   |
| Power to Sub divide and consolidate Shares.  | 52. |  | The Company in general meeting may from time to time –<br>(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;<br>(b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;<br>(c) Cancel any shares which at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. |

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| Sub division into Preference and Equity. | 53. |  | The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject, nevertheless, to the provisions of Sections 85, 87, 88 and 106 of the Act.  |
| Surrender of shares                      | 54. |  | Subject to the provisions of Sections 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed to of all or any of his shares.  |
| Restriction on allocation                | 55. |  | Notwithstanding anything contained in these Articles so long as any money remains due by the Company to the Corporation as stated in the proviso to Article 4(ii) no change in the capital structure of the Company viz. authorized, subscribed, issued or paid up capital or the categories of shares in which this share capital is divided, the number of shares comprised in each category, their nominal value, etc., etc., shall be made without the written consent of the Corporation first had been obtained.   |
| <b>MODIFICATION OF RIGHTS</b>            |     |  |  |
| Power to modify rights                   | 56. |  | If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three- fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class but so that if at any adjourned meeting of such holder a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. |
| <b>CONVERSION OF SHARES INTO STOCK</b>   |     |  |  |
| Conversion of shares into stock.         | 57. |  | If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three- fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class but so that if at any adjourned meeting of such holder a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. |
| <b>RIGHTS OF STOCK HOLDERS</b>           |     |  |  |
| Transfer of stock.                       | 58. |  | The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to  |

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|   |     |     | conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.   |
| Rights of stock-holders.                        | 59. |     | The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.  |
| “Stock” and “Stockholder”                       | 60. |     | Such of the Articles of the Company as are applicable to paid up shares shall apply to Stock and the words “Share” and “Share holder” therein shall include “Stock” and “Stockholder” respectively.   |
| <b>SHARE WARRANTS</b>                           |     |     |   |
| Power to issue Share Warrants.                  | 61. |     | The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act, and accordingly the Board may in its discretion with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may; from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant. |
| Rights of the bearer of share warrant.          | 62. | (1) | The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.   |
|   |     | (2) | Not more than one person shall be recognized as depositor of the share warrant.   |
|   |     | (3) | The Company shall, on two days’ written notice, return the deposited share warrant to the depositor.  |
| Restrictions on bearer of share warrants.       | 63. | (1) | Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a member at a meeting of the Company, or be entitled to receive any notices from the Company.   |
|   |     | (2) | The bearer of a share warrant shall be entitled in all other respects to the same privileges and the advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the Company.  |
| Board’s power to make rules for share warrants. | 64. |     | The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.   |
| <b>BORROWING POWERS</b>                         |     |     |   |
| Power to borrow.                                | 65. |     | The Board may, from time to time, at its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.   |
| Conditions on which money may be borrowed.      | 66. |     | The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or   |

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|  |     |  | <p>redeemable, debentures or debenture stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.</p> <p>Provided however that so long as any money remains due by the Company as mentioned in the proviso to Article 4 (ii) the Directors of the Company shall notwithstanding anything contained in this Article not create any further encumbrance on the properties and assets mortgaged or charged by the Debenture Trust Deed or otherwise without the previous consent in writing of the Corporation.</p>  |
| Issue at discount, etc.or with special privileges. | 67. |  | <p>Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.</p>   |
| Instrument of transfer.                            | 68. |  | <p>68. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.</p>   |
|  | 69. |  | <p>69. Subject to the provisions of Section 111 of the Act, the Board may without assigning any reason refuse to register the transfer of any debentures. .</p>   |
| <b>GENERAL MEETINGS</b>                            |     |  |   |
| When Annual General Meetings to be held.           | 70. |  | <p>In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an “annual general meeting” and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case where an Extraordinary General Meeting is convened under the provisions of the next following Article, be called a “general meeting”</p>  |
| When other General Meetings to be called.          | 71. |  | <p>The Board may whenever it thinks fit call a general meeting and it shall on the requisitions of the members in accordance with Section 169 of the Act proceed to call an Extraordinary General Meeting. The requisitionists may in default of the Board convening the same, convene the Extraordinary General Meeting as provided by Section 169 of the Act.</p>   |
| Circulation of members’ resolutions.               | 72. |  | <p>The company shall comply with the provisions of Section 188 of the Act, as to giving notice of resolutions and circulating statements on the requisition of members.</p>   |
| Notice of meeting.                                 | 73. |  | <p>Subject to the provisions of Sections 171 and 176(2) of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 172 of the Act. Where any business consists of “Special business” as hereinafter defined in Article 74 there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act.</p> <p>The accidental omission to give any such notice to or its non receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.</p> <p>PROVIDED ALSO that the Company shall circulate notices of all their general meetings to the Corporation along with the notices circulated to their shareholders. The Director or Directors appointed</p> |

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|  |     |     | by the Corporation on the Board of the Company, or any other official or nominee of the Corporation appointed for the purpose shall have full right to attend all general meetings of the Company.  |
| <b>PROCEEDINGS AT GENERAL MEETINGS</b>   |     |     |   |
| Business of Meetings.  | 74. |     | The ordinary business of an Annual General Meeting shall be to receive and consider the Profit & Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed Special business.  |
| Quorum to be present when business commenced.                                  | 75. |     | No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.   |
| When, if quorum not present, meeting to be dissolved and when to be adjourned. | 76. |     | If within half an hour from the time appointed for the meetings a quorum be not present, the meeting, if convened upon, such requisition as aforesaid, shall be dissolved, but in any other case it shall stand adjourned in accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.   |
| Resolution to be passed by Company in General Meeting.                         | 77. |     | Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.   |
| Chairman of General Meeting.   | 78. |     | Chairman of the Board or the person acting as Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be Chairman. |
| How questions to be decided at meetings. Casting vote.                         | 79. |     | Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.  |
| What is to be evidence of the passing of a resolution where poll not demanded. | 80. |     | At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.  |
| Poll   | 81. | (1) | If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall deemed to be the decision of the meeting on the resolution on which the poll was demanded.  |

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|   |     | (2)  | The demand of a poll may be withdrawn at any time.  |
|   |     | (3)  | Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.   |
|   |     | (4)  | On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.   |
|   |     | (5)  | The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.  |
|   | 82. | (1)  | The Chairman, may with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.   |
|   |     | (2)  | When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting and save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.   |
| <b>VOTES OF MEMBERS</b>                                 |     |      |   |
| Votes of members  | 83. | (1)  | Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a general proxy (as defined in Article 88) on behalf of a holder of Equity shares, if he is not entitled to vote in his own right or, as a duly authorized representative of a body corporate, being a holder of Equity Shares, shall have one vote.   |
|   |     | (2)  | Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.  |
|   |     | (3)  | The holders of Preference Shares shall not be entitled to vote at general meetings of the Company except :-   |
|   |     | (i)  | On any resolution placed before the Company at a general meeting at the date on which the dividend due or any part thereof remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of such meeting whether or not such dividend has been declared by the Company, or   |
|   |     | (ii) | On any resolution placed before the Company at a general meeting which directly affects the rights attached to the Preference Shares, and for this purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to affect the rights attached to such shares.<br>Where the holder of any Preference Share has a right to vote on any resolution in accordance with the provisions of this Article his voting right on a poll as such holder shall, subject to any statutory provision for the time being applicable, be in the same proportion as the capital paid up in respect of the Preference Share bears to the total paid up Equity Share Capital of the Company. |
|   |     | (4)  | No Company or Body Corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act, is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.  |
| Procedure where a Company or Body Corporate is a member | 84. |      | Where a Company or a Body Corporate (hereinafter called "member company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the  |

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| of the Company  |     |  | Act, to represent such member company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and by its Managing Agents (if any) and certified by him or them as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.      |
| Votes in respect of deceased, insane and insolvent members.                             | 85. |  | Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or <i>non compos mentis</i> , he may vote whether on a show of hands or at a poll by his committee, <i>curator bonis</i> or other legal curator and such last mentioned persons may give their votes by proxy. |
| Joint holders.  | 86. |  | Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of this Article be deemed joint holders thereof.  |
| Votes on a poll.  | 87. |  | On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorized as aforesaid.   |
| Instrument appointing proxy to be in writing.<br><br>Proxies may be general or special. | 88. |  | The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorized. A proxy who is appointed for a specified meeting only shall be called a special Proxy. Any other proxy shall be called a General proxy.<br><br>A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.  |
| Instrument appointing proxy to be deposited at the Office.                              | 89. |  | The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.  |
| When vote by proxy valid though authority revoked.                                      | 90. |  | A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office  |

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|   |       |     | before the vote is given; Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.   |             |       |       |  |       |  |
| Form of instrument appointing a Special Proxy.                        | 91.   |     | <p>Every instrument appointing a Special Proxy shall be retained by the Company and shall, as nearly as circumstances will admit, be in the form or to the effect following :-</p> <p style="text-align: center;"><b>KALYANPUR CEMENTS LIMITED</b></p> <p>I/We _____ of _____ in the district of _____ being a member /members of the abovenamed Company, hereby appoint _____ of _____ in the district of _____ or _____ failing him _____ of _____ in the district of _____ as my/our _____ proxy to vote for me /us and on my/our behalf as indicated below at the (Annual) General Meeting of the Company to be held on the _____ day of ____ 200__ and at any adjournment thereof:-</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Agenda Item</td> <td style="text-align: right;">Vote*</td> </tr> <tr> <td style="text-align: center;">No. 1</td> <td></td> </tr> <tr> <td style="text-align: center;">No. 2</td> <td></td> </tr> </table> <p>Witness:<br/>Signed this _____ day of _____ 200__<br/>Signature</p> <p>(*please state in this column whether “In favour” or “Against”)</p> | Agenda Item | Vote* | No. 1 |  | No. 2 |  |
| Agenda Item   | Vote* |     |  |             |       |       |  |       |  |
| No. 1   |       |     |  |             |       |       |  |       |  |
| No. 2   |       |     |  |             |       |       |  |       |  |
|   | 92.   |     | No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.  |             |       |       |  |       |  |
|   | 93.   | (1) | Any objection as to the admission or rejection of a vote, either, on a show of hands, or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.   |             |       |       |  |       |  |
|   |       | (2) | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.  |             |       |       |  |       |  |
| <b>DIRECTORS</b>  |       |     |  |             |       |       |  |       |  |
| Number of Directors as amended by Special Resolution dated 23.12.1972 | 94.   |     | Subject to Section 259 of the Act, the number of the Directors of the Company shall not be less than four nor more than fifteen.   |             |       |       |  |       |  |
| Proportion to retire by rotation                                      | 95.   |     | Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.   |             |       |       |  |       |  |
| Directors appointed by institutions                                   | 96.   |     | If at any time the company obtains any loan and/or Cash Credit/Overdraft facilities from any financial institutions (referred to in this Article as *the Institutions*), State Governments/Banks or enter into underwriting agreements with the Institutions, and it is a term of such loan or of the underwriting agreements, or if any stipulation is made by the State Governments/Banks that the Institutions/State Governments/Banks shall have the right to appoint one or more Directors to the Board of the Company, then subject to the terms and conditions of such loan or underwriting agreements, the   |             |       |       |  |       |  |

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|  |      |  | Institutions/State Governments/Banks shall be entitled to appoint one or more Directors/Wholetime Directors, as he case may be, to the Board of the Company, subject to the condition that the right to appoint such Directors shall be limited to the Industrial Credit and Investment Corporation of India Ltd., Industrial Finance Corporation of India, State Financial Corporations or any financial institutions owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by the Central Government or State Government by themselves. Such Directors/Wholetime Directors so appointed by the Institutions/State Government/Banks shall not be required to possess any share qualification and the provisions in these Articles of Association of the Company as to the retirement of Directors by rotation shall not apply to them. The said Directors/Wholetime Directors shall hold Office at the pleasure of the Institutions/State Government/Banks who shall have full power to remove any of the Directors/Wholetime Directors appointed by them under this clause and to appoint any other or others in his or their place as and when they shall deem it necessary. Such appointment or removal shall be by notice in writing to the Company. |
| Directors in Office at the date of adoption of these Articles on 02.11.1964. | 97.  |  | At the date of the adoption of these Articles, the following persons are the Directors of the Company :-<br><br>Shri Chandradeva Prakash Sinha<br>Shri PanditRamkrishna Dave,<br>Shri HarinandanSahaya,<br>Shri N. R. Pandya<br>Shri Madhab Churn Law,<br>Shri Ganesh Prasad<br>ShriSatyadeva Prakash Sinha<br>Shri K. K. Dutt, and<br>Shri R. B. Mathur (Nominee Director of Industrial Finance Corporation of India   |
| Share qualification of Directors   | 98.  |  | Unless otherwise determined by the Company in General Meeting, a Director shall not be required to hold any share in the Company as his qualification.  |
| Director Fees, remuneration and expenses.                                    | 99.  |  | Unless otherwise determined by the Company in General meeting each Director of the Company, other than a Managing or Wholetime Director shall be entitled to receive out of the funds of the Company for his services in attending each meeting of the Board or a committee of the Board such fee as may from time to time be determined by the Board, but not exceeding such sum as may from time to time be prescribed by or under the Act and applicable to the Company. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Wholetime Director of the Company shall be determined in accordance with and subject to the provisions of these Articles, and of the Act. The Directors shall be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending Board or Committee meetings or otherwise incurred in the execution of their duties as Directors.  |
| Remuneration for extra service   | 100. |  | If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Calcutta for any of the purpose of the Company or in giving  |

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|   |      |  | special attention to the business of the Company or as a member of a committee of the Board then, Subject to sections 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled. Provided however that so long as any money remains due by the Company to the Industrial Finance Corporation of India as mentioned in the proviso to Article 4(ii) no such additional remuneration shall be paid by the Directors without the previous consent in writing of the Corporation.   |
| Board may act notwithstanding vacancy   | 101. |  | The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.   |
| Vacation of office of Director  | 102. |  | The office of a Director shall become vacant if at any time he commits any of the acts set out in Section 283 of the Act.   |
| Office of profit  | 103. |  | No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit save as permitted by that Section.  |
| When Director of this company appointed Director of a Company in which the Company is interested either as a member or otherwise. | 104. |  | A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.  |
| Conditions under which Directors may contract with Company.   | 105. |  | Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private Company of which such Director is a member or director, be avoided nor shall any director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established. |
| Disclosure of Director's interest   | 106. |  | Every Director shall comply with the provisions of Section 299 of the Act, in regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.   |
| Discussion and voting by Director interested  | 107. |  | Save as permitted by Section 300 of the Act or any other applicable provision of the Act no Director shall, as a Director take any part in the discussion of, or vote on any contract or arrangement in which he is in anyway, whether directly or indirectly concerned or interested nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.  |
| <b>APPOINTMENT AND RETIREMENT OF DIRECTORS</b>  |      |  |   |
| Rotation and retirement of Directors  | 108. |  | At each Annual General Meeting of the company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. Neither a Managing Director or one appointed by the Institutions nor an Additional Director appointed by the Board under Article 110 hereof shall be liable to retire by rotation within the meaning of this Article.   |
| Which Directors to retire   | 109. |  | The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.  |

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| Power of Board to add to its numbers                           | 110. |  | The Board shall have at any time and from time to time power to appoint any person as a Director, as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by its Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.   |
| Board may fill up casual vacancies                             | 111. |  | If any Director appointed by the Company in General meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the Office of Director under Article 112.  |
| When the Company and the candidate for office must give notice | 112. |  | The company may remove any Director other than a Director appointed by the Institutions before the expiration of his period of office in accordance with the provisions of Section 284 of the Act, and may subject to the provisions of Section 262 of the Act, appoint another person in his stead if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 111.  |
| Power to appoint Alternate Director                            | 113. |  | The Board may in accordance with and subject to the provisions of Section 313 of the Act, appoint any person to act as alternate Director for a Director during the latter's absence from the State in which meetings of the Board are ordinarily held.  |
| <b>MANAGING DIRECTORS</b>                                      |      |  |  |
| Power to appoint Managing Director                             | 114. |  | Subject to the provisions of Sections 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors and / or whole time Director of the Company, either for a fixed term or without any limitation as to the period for which he is to hold such office, and may, from time to time (subject to the provisions of any contract between him and he Company), remove or dismiss him from office and appoint another in his place.  |
| To what provisions he shall be subject                         | 115. |  | Subject to the provisions of Section 255 of the Act, a Managing Director and/or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, <i>ipso facto</i> and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause. |
|  | 116. |  | If at any time the total number of Managing Directors is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the dates of their respective appointments as Managing Directors by the Board.   |
| Remuneration of Managing Director                              | 117. |  | Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director and/or Whole time Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.   |
| Power of Managing Directors amended by                         | 118. |  | Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director  |

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|   |      |  | and/or Whole time Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Board in the behalf; and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.   |
| <b>PROCEEDINGS OF DIRECTORS</b>   |      |  |  |
| Meetings of Directors amended by Special Resolution dated 28 <sup>th</sup> Sept. 1985 | 119. |  | The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India and at his usual address in India to every other Director: PROVIDED three clear days notice in writing of the meeting is sent to the Director or Directors appointed by the Institutions and also to the Industrial Finance Corporation of India, New Delhi, in all case by registered post. Unless otherwise determined from time to time and any time by the consent of all the Directors for the time being in India, meetings of the Board shall take place at the office.   |
| Director may summon meeting   | 120. |  | A Director may, at any time, and the Secretary shall, upon the request of a Director made at any time, convene a meeting of the Board.   |
| Chairman  | 121. |  | The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no such Chairman is appointed or if at any meeting of the Board the Chairman be not present within ten minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such meeting.   |
| Quorum  | 122. |  | The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of section 287 of the Act. Provided that so long as any money remains due by the Company to the Corporation as mentioned in the proviso to Article 4 (ii), the quorum at a meeting of the Board of Directors of the Company after the appointment of a Director or Directors by the Corporation shall not be complete unless atleast one of such Directors is present at such a meeting or the Director or Directors so appointed intimate in writing his or their inability to attend the meeting. PROVIDED HOWEVER that if at any meeting of the Board of Directors duly convened a Director appointed by the Corporation is not present then not less than three Directors present at the meeting shall form the quorum. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint. |
| Powers of quorum  | 123. |  | A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.   |
| How questions to be decided   | 124. |  | Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman shall have a second or casting vote.  |
| Powers to appoint Committees and to delegate  | 125. |  | The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time, revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations  |

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|  |      |     | that may from time to time be imposed upon it by the Board. Provided however that so long as any money remains due by the Company as mentioned in the proviso to Article 4(ii), every such committee or committees must include a Director appointed by the Corporation.   |
| Proceedings of Committee   | 126. |     | The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.  |
| When acts of a Director valid notwithstanding defective appointment etc. | 127. |     | Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles: Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.   |
| Resolution without Board meeting   | 128. |     | Save in those cases where a resolution is required by sections 262, 292, 297, 316, 372(5) and 386 of the Act, to be passed at a meeting of the Board a resolution shall be as valid and effectual as if it had been passed at meeting of the Board or Committee of the Board as the case may be, duly called and constituted, if it is passed by circulation in the manner provided by Section 289 of the Act: Provided however that any such resolution must be signed by atleast one Director appointed by the Corporation.  |
| <b>MINUTES</b>   |      |     |  |
| Minutes to be made   | 129. | (1) | The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept of every general meeting and of every meeting of the Board or of every Committee of the Board.  |
|  |      | (2) | Any such minutes of any meeting of the Board or of any Committee of the Board or of the Company in General Meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such minutes. The minute books of General Meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11-00 a.m. and 1-00 p.m. on such business days as the Act requires them to be open for inspection   |
| <b>POWERS OF THE BOARD</b>   |      |     |  |
| General powers of Company vested in the Board                            | 130. |     | Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do: Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting: Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulation made by the Company in general meeting, but no regulation made by the company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided however that so long as any money remains due by the Company to the Corporation as stated in the proviso to Article 4 (ii), the Directors will not save with the previous consent in writing of the Corporation deal in any commodity or goods as traders save and except the business of cement manufacture and its sale, lime manufacture and its sale and in lime-stone. |

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| Restriction on investment               | 131. |  | So long as any moneys remain due and payable by the Company to the Corporation as mentioned in the proviso to Article 4(ii) the Company and /or its Directors shall not without the prior written permission of the Corporation invest the funds of the Company by way of deposits, loans, share capital or otherwise in any other concern PROVIDED HOWEVER that nothing herein contained shall be construed to restrict or limit the right of the Company to deposit temporarily such funds as may be necessary with parties who may insist on such deposits being made with them in respect of the transactions to be entered into between the Company and such parties in the course of normal business of the Company.   |
| <b>MANAGER</b>                          |      |  |  |
|   | 131A |  | Subject to the applicable provisions of the Act including Sections 197A and 269, the Board may, from time to time, appoint a Manager for such period as deemed expedient and may from time to time, subject to the provisions of any contract between him and the company, remove him from office and appoint another in his place. Subject further to the provisions of the Act, the Board may, from time to time, entrust to and confer upon the Manager such of the powers exercisable under these presents by the Board as it may think fit and stipulate such terms, conditions and restrictions subject to which the powers so conferred upon may be exercised by the Manager. The word "Manager" shall have the same meaning as assigned to it under Section 2 (24) of the Act. |
|   | 131B |  | Subject to the provisions of Section 387 of the Act, the Manager may receive Remuneration either by way of monthly payment or by way of specified percentage of the net profit of the company, calculated in the manner and subject to the limits provided in the Act.   |
| <b>LOCAL MNGEMENT</b>                   |      |  |  |
| Local Management                        | 132. |  | The Board may subject to the provisions of the Act, make such arrangements as it may think for the management of the Company's affairs abroad and for this purpose appoint local boards, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The company may exercise all the powers of Section 50 of the Act and the official Seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the Seal appoint. The company may also exercise the powers of Sections 157 and 158 of the Act with reference to the keeping of Foreign Registers.                                   |
| <b>AUTHENTICATION OF DOCUMENTS</b>      |      |  |  |
| Power to authenticate documents         | 133. |  | Save as otherwise provided in the Act any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are else where than at the Office, the local Manager or other Officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.  |
| Certified copies of resolution of Board | 134. |  | A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with he Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.   |
| <b>THE SEAL</b>                         |      |  |  |

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| Custody of Seal                 | 135. |  | The Board shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority previously given of the Board or a Committee of the Board authorized by the Board in that behalf and, save as provided in article 14(i) hereof, two Directors shall sign every instrument to which the Seal is affixed in their presence. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.  |
| <b>RESERVES</b>                 |      |  |   |
| Reserves                        | 136. |  | The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may, subject to the provisions of Section 372 of the Act, invest these several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any part thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.   |
| Investment of money             | 137. |  | All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of Sections 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.   |
| Capitalisation of Reserves      | 138. |  | Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve account, or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares. |
| Distribution of capital profits | 139. |  | The Company in general meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company  |

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|                                     |      |  | representing capital profits arising from the receipt of moneys received or recovered in respect of or arising from the realization of any capital assets of the Company or any investment representing the same instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the ordinary shareholders on the footing that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid up share capital of the company for the time being.   |
| Fractional Certificate              | 140. |  | For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective. |
| <b>DIVIDENDS</b>                    |      |  |   |
| How profits shall be divisible      | 141. |  | Subject to the rights of members entitled to shares(if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company but so that a partly paid up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for dividends or confer a right to participate in profits.  |
| Declaration of dividends            | 142. |  | The Company in General meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.   |
| Restrictions on amount of dividends | 143. |  | No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.   |
| Dividend                            | 144. |  | Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.  |
| What to be deemed net profits       | 145. |  | The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.  |
| Interim dividends                   | 146. |  | The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.   |
| Debts may be deducted               | 147. |  | The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.  |
| Dividend and call                   | 148. |  | Any general meeting declaring a dividend may make a call on the   |

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| together                             |      |  | members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as dividend and the dividend may be set off against the call.  |
| Dividend in cash                     | 149. |  | No dividend shall be payable except in cash: Provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.  |
| Effect of transfer                   | 150. |  | A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.   |
| Payment of interest on capital       | 151. |  | The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorized to do by Section 208 of the Act.  |
| To whom dividends payable            | 152. |  | No dividend shall be paid in respect of any shares except to the registered holder of such shares or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 150.   |
| Dividend to joint-holders            | 153. |  | Any one of several persons who are registered as the jointholders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.  |
| Notice of dividends                  | 154. |  | Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.   |
| Payment by post                      | 155. |  | Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other monies payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of jointholders, to the registered address of that one of the jointholders who is the first named in the Register in respect of the joint-holding or to such person and such address as the holder of joint-holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.  |
| Unclaimed dividends,                 | 156. |  | Any dividend unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and any dividend the <i>claim to which is barred by law</i> may be forfeited by the Board for the benefit of the Company, but the Board may annul the forfeiture wherever it may think proper.  |
| Registration of Payment of Dividends | 157. |  | So long as any money remains due by the Company as mentioned in the proviso to Article 4 (ii), the Company (a) will not pay out of its net earnings or profits in any financial year any dividend to any share holder (whether preference or ordinary) unless proper provision has been made for payment of interest and installments of principal under the said debentures or the debenture trust deed, mortgage, hypothecation or otherwise hereinbefore mentioned (b) will not payout of its net earning or profits any dividend to any shareholder (whether preference or ordinary) for any half-year, or any interest or principal or any part of interest or principal which may be secured or payable by any subsequent encumbrance or any interest on any sum which may have been paid to the Company by any shareholder under these Articles of Association until the Company shall have first paid half-yearly interest then due and payable on the debentures PROVIDED HOWEVER that this restriction shall not apply to any interest payable by the company to its Bankers (c) shall not distribute as dividend to any shareholders (whether preference or ordinary) any sum which exceeds or which when taken with any sum already |

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|   |      |     | distributed exceeds ten per cent per year in the aggregate calculated on the entire amount of the capital paid up on each share of the Company as on the last day of the period in respect of which the dividend is distributed after deducting from such capital all amounts attributable to the capitalization on or after the 1 <sup>st</sup> day of August, 1952 of one or more of the following namely, reserves, profits and depreciation of assets provided that such limit of ten percent shall be applied to the dividend distributed by the Company among its shareholders, payments made by the Company by way of income-tax being ignored provided further that the aforesaid limits may be altered or varied with the consent of the Corporation provided lastly that no dividend shall be distributed by the Company on any of its share (whether preference or ordinary) without the consent in writing of the Corporation first had been obtained so long as any debenture or any loan or interest due and payable to the Corporation as aforesaid remains unpaid for a period of one month after the same have or had become due and payable by the Company to the Corporation. |
| <b>BOOKS AND DOCUMENTS</b>                |      |     |  |
| Books of Account to be kept               | 158. |     | The Board shall cause proper books of account to be kept in accordance with Section 209 of the Act.  |
| Where to be kept                          | 159. |     | The books of account shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.   |
| Inspection                                | 160. | (1) | The books of account shall be open to inspection by any Director during business hours.  |
|   |      | (2) | The Board shall, from time to time determine whether and to what extent, and at what times and places, and under what conditions or regulations, the books of account and books and documents of the Company, other than those referred to in Articles 129(2) and 175 or any of them, shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorized by the Board or by the company in general meeting.   |
| <b>BALANCE SHEET AND ACCOUNTS</b>         |      |     |  |
| Balance Sheet and Profit and Loss Account | 161. |     | At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss account made up in accordance with the provisions of section 210 of the Act and such Balance Sheet and Profit and Loss account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the company than it may deem expedient.   |
| Annual Report of Directors                | 162. |     | There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 217 of the Act.  |
| Copies to be sent to members and others   | 163. |     | A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' Report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by Section 219 of the Act, not less than twenty-one days before the meeting be sent to every such member, debentureholder, trustee and other person to whom the same is required to be sent by the said Section.  |
| Copies of Balance Sheet, etc. to be filed | 164. |     | The Company shall comply with Section 220 of the Act, as to filing copies of the Balance Sheet and Profit and Loss account and documents required to be annexed or attached thereto with the Registrar.  |

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| When accounts to be deemed finally settled.               | 165. |  | Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.  |
| <b>AUDITORS</b>   |      |  |   |
| Accounts to be audited annually                           | 166. |  | Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.   |
| Appointment and remuneration of Auditors                  | 167. |  | The appointment, powers, rights, remuneration and duties of the Auditors shall be regulated by Sections 224 to 231 of the Act.  |
| <b>SERVICE OF NOTICES AND DOCUMENTS</b>                   |      |  |   |
| How notices to be given to members to their given address | 168. |  | A notice or other document may be given by the Company to its members in accordance with Sections 53 and 172 of the Act.  |
| Transferee, etc. bound by prior notices                   | 169. |  | Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.   |
| Notice valid though member deceased                       | 170. |  | Subject to the provisions of Article 168 any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not he Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as he holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.  |
| Service of process in winding-up                          | 171. |  | Subject to the provisions of Sections 497 and 509 of the Act, in the event of a winding –up of the Company, every member of the Company who is not for the time being in Calcutta shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some house-holder residing in the neighborhood of the Office upon whom all summonses, notices, process, orders and judgements in relation to or under the winding –up of the Company may be served, and, in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighborhood of the Office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other document in any other manner prescribed by these articles. |
| How Notice to be signed                                   | 172. |  | The signature to any notice to be given by the Company may be written, printed, lithographed, typed or rubber stamped.  |

| <b>KEEPING OF REGISTERS AND INSPECTION</b>              |      |  |  |
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| Registers, etc. to be maintained by Company.            | 173. |  | The Company shall duly keep and maintain at the Office, Registers in accordance with Section 49(7), 150, 151, 152(2), 301, 303, 307, 370 and 372 of the Act and Rule 7(2) of the Companies (Issue of Share Certificates) Rules, 1960.  |
| Supply of copies of Registers, etc.                     | 174. |  | The Company shall comply with the provisions of Sections 39, 118, 163, 192, 195, 219, 301, 302, 304, 307 and 372 of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificates, and books therein mentioned to the persons therein specified when so required by such persons, on payment of the charges, if any, prescribed by the said Sections.   |
| Inspection of Registers, etc.                           | 175. |  | Where under any provision of the Act any person, whether a member of the Company or not, is entitled to inspect any Register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11-00 a.m. and 1-00 p.m. on such business days as the Act requires them to be open for inspection.   |
| Register of Members and Debenture-holders may be closed | 176. |  | The Company may in accordance with the provisions of Section 154 (1) of the Act close the Register of Members or the Register of Debenture-holders as the case may be .  |
| <b>RECONSTRUCTION</b>                                   |      |  |  |
| Reconstruction  | 177. |  | On any sale of the undertaking of the Company, the Board or the Liquidators on a winding up may, if authorized by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the company amongst the members without realization, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 494 of the Act as are incapable of being varied or excluded by these Articles. |
| <b>SECRECY</b>  |      |  |  |
| Secrecy   | 178. |  | Every Director, Manager, Secretary, Trustee for the Company, its members or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any General meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained. Provided however, that nothing herein contained shall prevent any Director or Directors appointed by the Corporation for disclosing to the said Corporation any matters relating to the affairs of the Company which he or they consider it to be  |

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|   |      |  | necessary for the Corporation to know for the purpose of their security.  |
| No member to enter the premises of the Company without permission | 179. |  | No member or the other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, subject to Article 160, to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.   |
| <b>WINDING-UP</b>   |      |  |   |
| Distribution of assets  | 180. |  | If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid up or which ought to have been paid up on the shares held by them respectively. But this article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions. |
| Distribution of assets in specie                                  | 181. |  | If the Company shall be wound up, whether voluntarily or otherwise the liquidators may, with the sanction of a Special Resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit.   |
| <b>INDEMNITY</b>  |      |  |   |
| Indemnity   | 182. |  | Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Secretary, Officer, Employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.   |

## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered in to in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by the Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 2 & 3, Dr. Rajendra Prasad Sarani, Kolkata – 700001, West Bengal, India from 10.00 a.m. to 1.00 p.m., on Business Days, from the date of this Draft Letter of Offer until the date of closure of the Issue.

#### **Material Contracts**

1. Engagement letter dated June 18, 2012 for appointment of Microsec Capital Limited as Lead Manager.
2. Issue Agreement dated September 24, 2012 between our Company and Microsec Capital Limited, the Lead Manager to the Issue.
3. Agreement dated September 22, 2012, with Link Intime India Private Limited, the Registrars to the Issue.
4. Loan Agreement dated January 16, 2006 between our Company and Vivid Colors Private Limited
5. Shareholders Agreement dated January 27, 2006 between our Promoters, Company (being the confirming party) and Vivid Colors Private Limited
6. Memorandum of Understanding dated June 28, 2012 between our Company, IFCI Limited and Vivid Colors Private Limited.
7. Debenture Sale Agreement dated June 28, 2012 our Company and IFCI Limited

#### **Documents for inspection**

1. Certified true copy of Memorandum and Articles of Association as amended from time to time including Certificate of Incorporation dated August 11, 1937 and fresh Certificate of Incorporation dated March 9, 1988.
2. Agreement for appointment of Executive Chairman dated February 8, 2010 between our Company and Mr. Satyadeva Prakash Sinha
3. Agreement for appointment of Managing Director dated February 8, 2010 between our Company and Mr. Shailendra Prakash Sinha
4. Agreement for appointment of Joint Managing Director dated February 8, 2010 between our Company and Mr. Anant Prakash Sinha
5. Copy of the resolution of the Board of Directors dated May 25, 2012 approving this Issue.
6. Consents of the Directors, Auditors, Company Secretary and Compliance Officer, Lead Manager to the Issue, Legal Advisor to the Issue and Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
7. The audit reports of the Auditors, M. Mukherjee & Co., Chartered Accountants on our restated financial information included in this Draft Letter of Offer.
8. Copies of audited financials of our Company for the years ended March 31, 2008, 2009, 2010, 2011 and 2012.

9. Report of the Auditors M. Mukherjee & Co., Chartered Accountants dated September 21, 2012 on the Tax benefits available to the Company and its shareholders.
10. Consent of the Auditors, M. Mukherjee & Co., Chartered Accountants for inclusion of their report on accounts and tax benefits in the form and context in which they appear in the Draft Letter of Offer.
11. Copy of in-principle listing approval received from BSE Limited vide letter no. [●] dated [●].
12. Tripartite Agreement dated December 2, 2003, among the Company, CDSL and Link Intime India Private Limited, Registrar to the Issue.
13. Due Diligence certificate from the Lead Manager dated September 24, 2012.
14. Copy of SEBI Observation letter no. [●] dated [●] and compliance thereof.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

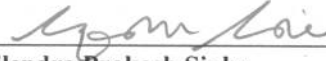
## DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India and / or the regulations / guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY



Satyadeva Prakash Sinha  
Executive Chairman



Shailendra Prakash Sinha  
Managing Director



Anant Prakash Sinha  
Joint Managing Director



Deb Narayan Bhandari  
Independent Director



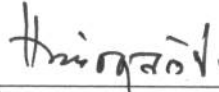
B. C. Srivastava  
Independent Director



Dr. Kailash Chandra Varshney  
Independent Director

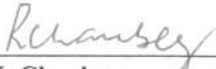


Mahendra Gumanmal Lodha  
Non-Executive Non-Independent Director



Ashok Kumar Mallick  
Independent Director

### SIGNED BY



P. K. Chaubey  
President Finance & Company Secretary

Place: Patna

Date: September 24, 2012