

# ANNUAL REPORT 2012-13

Constantly Writing  
A Success Story



KAMDHENU ISPAT LIMITED

## **BOARD OF DIRECTORS**

Mr. Satish Kumar Agarwal  
Mr. Sunil Kumar Agarwal  
Mr. Saurabh Agarwal  
Mr. Sachin Agarwal  
Mr. Purshottam Das Agarwal  
Mr. Mahendra Kumar Doogar  
Mr. Radha Krishna Pandey  
Mr. Ramesh Chand Surana

Chairman & Managing Director  
Whole Time Director  
Whole Time Director  
Whole Time Director  
Director  
Director  
Director  
Director

## **Chief Financial Officer**

Mr. Harish Kumar Agarwal

## **Company Secretary**

Mr. Yogendra Dwivedi

## **Auditors**

S. Singhal & Company, Chartered Accountants  
E-127, Industrial Area, Bhiwadi-301 019, Rajasthan

## **Registrar & Transfer Agent**

Karvy Computershare (P) Ltd. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081, Andhra Pradesh, India  
Tel: 91-40-23420815-28, Fax: 91-40-23420859

## **Bankers**

State Bank of Bikaner & Jaipur  
Allahabad Bank  
H D F C Bank Limited

## **Registered Office**

L-311, Street No. 7, Mahipalpur Extension, New Delhi-110037

## **Corporate Office**

2nd Floor, Tower-A, Building No. 9, DLF Cyber City, Phase-3  
Gurgaon - 122 002 (Haryana), Ph: 0124-4604500, Fax: 0124-4218524  
E-mail: kamdhenu@kamdhenuispat.com  
Website: www.kamdhenuispat.com, www.colourdreamz.com

## **Works**

STEEL : A-1114, RIICO Industrial Area Phase III, Bhiwadi, Dist. Alwar-301 019, Rajasthan  
Ph: 01493-520401- 430, Fax: 01493-520428  
PAINTS : E-538-539 A, Industrial Area, Chopanki, Distt. Alwar, Rajasthan  
Ph: 01493-306800, Fax: 01493-306810

## **Audit Committee**

Mr. Mahendra Kumar Doogar  
Mr. Purshottam Das Agarwal  
Mr. Radha Krishna Pandey  
Mr. Sunil Kumar Agarwal

## **Investors' Grievance Committee**

Mr. Mahendra Kumar Doogar  
Mr. Ramesh Chand Surana  
Mr. Saurabh Agarwal

## **Remuneration Committee**

Mr. Mahendra Kumar Doogar  
Mr. Purshottam Das Agarwal  
Mr. Ramesh Chand Surana

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# BOARD OF DIRECTORS



Mr. Satish Kumar Agarwal  
Chairman & Managing Director



Mr. Sunil Kumar Agarwal  
Whole Time Director



Mr. Saurabh Agarwal  
Whole Time Director



Mr. Sachin Agarwal  
Whole Time Director



Mr. Purshottam Das Agarwal  
Director



Mr. Mahendra Kumar Doogar  
Director



Mr. Radha Krishna Pandey  
Director



Mr. Ramesh Chand Surana  
Director

*CHANGE-AGENTS “they dare, they dream, they deliver”  
An extraordinary growth story is not a routine work  
accomplished by routine people.*



## FROM CMD DESK

I am pleased to share the Annual Report of Kamdhenu Ispat Limited for the financial year 2012-13 with you all. This is a moment of collective elation, as the company has not only achieved its target set for the financial year but also responded outstandingly to every opportunity and challenges emerged during the year.

The financial Year 2012-13 was remarkable in many ways. It was the time when market was volatile, global economy is struggling and even in India real estate sector was not performing to its potential. It was a time of hedging our interest, it was a time of consolidation; but in a slowly but steadily improving economy, it was also the time full of opportunities. Steel industry, in particular, was passing through a wavering phase globally, although in India considerable demand for it was there. To reinforce our commitment to better delivery and efficient service helped us to improve our market position as well as revenues. We also owe our growth to the initiatives of the Government of India aimed to encourage infrastructural development in the country. With private players taking part in the growth of the country and infrastructural development of the country, Kamdhenu Ispat Limited has aptly adapted to this market scenario and its flexible manufacturing process and efficient distribution system have been operating very efficiently to cater the increasing demands for steel products.

Kamdhenu Ispat Limited has an unflinching commitment towards its customers to provide most contemporary products at reasonable cost. This commitment is being realized by the continuously evolving multilayered mechanism of manufacturing, marketing, branding and

distribution. Presently Kamdhenu Ispat Limited offers a creditable product portfolio containing a range of steel products comprising Reinforcement Steel Bars (TMT), Structural Steel (Angle, Beam, Channel and Flat) Binding Wire, PVC and Plywood. The brand image of Kamdhenu helped immensely in stepping into huge market of decorative paints with its brand name, Colour Dreamz. Presently manufacturing and marketing of basket choice of decorative paints for all segments of the society is being done successfully and Colour Dreamz has become the one among the six big names of decorative paints segment.

Kamdhenu Ispat Limited is a harbinger of industrial innovation from the time of its inception. We not only explore new business verticals but also keep upgrading the existing product range to provide the best possible products to our customers. The company has carved a niche in India by introducing advanced varieties of TMT products namely 500D, Fe-500 and Fe-550. To respond to the changing market with enhanced awareness and concern towards environment, the company has also expanded the production of Eco-friendly items in its existing range of Architectural, Decorative and Designer paint products that includes Exterior & Interior Emulsions, Synthetic & GP Enamels, Acrylic Distempers, Water Based & Solvent based Primers, Wood Finishes, Aluminum Finishes and Textured & Designer Finishes.

Supreme Quality is the mark of every products of Kamdhenu Ispat Limited and high appreciation from the customers is testimonial to our success in reaching out to the end-users. We value this trust as the most valued

assets and our long-existing as well as latest products adhere to the expectations of customers about their superior quality. The strong and effective marketing services have also played a significant role in the branding of our paint products in the market. After registering remarkable success in the paint division across the country, its market share is likely to improve further in the forthcoming years as well.

Kamdhenu Ispat has pioneered the branded steel products in India. The company has integrated independent producers through efficacious 'Franchisee Association Business Model' and streamlined the steel sector into organised sector. This business model ensures high benefit to all our independent producers using our brand name and helps our products find wide accessibility to the different parts of the country at faster pace. Our association with more business associates has increased our production strength to more than 50 units in the recent past.

Making all our products available in every nook and corner of the country is a priority to us. Presently the company enjoys a strong distribution network comprising more than 3500 dealers and distributors for the marketing of steel products; while over 6000 dealers and distributors are involved in the marketing of paint products. In addition, there are over 32 sales depots operating across the country to enhance our market share of paint products.

Establishing and sustaining a brand name in market needs a meticulous planning and precise implementation of advertising and marketing interventions and Kamdhenu Ispat Limited respect market realities. We invest substantial funds into the promotion, advertising and marketing communication activities to generate required brand recognition and retention and project a preferable brand identity. Our company also participates in various social and cultural activities apart from regular multimedia campaigns throughout the year to be in touch with our valuable customers.

Making a better world is the driving idea behind Kamdhenu Ispat Limited. A world, which is safe, prosperous and progressing; a world where humanity is educated, empowered and healthy; is the world we dream to make. Kamdhenu Jeevandhara, the social wing

of the company, strives relentlessly to do its bit to fulfill this dream. This initiative has been contributing significantly towards facilitating quality education to the underprivileged children. It also looks after the Green India Campaign that tries to mitigate the severity of global warming by promoting plantation with the help of Kamdhenu's dealers and distributors across the country.

Here once again, I would like to thank all our esteemed Stakeholders, Directors, Bankers, Financial Institutions, Dealers, Distributors, Franchisee Business Associates, Employees and most of all to our Customers for consistently extending their support and trust in our abilities and making Kamdhenu Ispat Limited one of the leading sources of steel & paint products for the construction and infrastructure companies in India. I hope your association with the company will continue and together we keep on driving the wheel of progress.

With warm regards,

Yours sincerely



**Satish Kumar Agarwal**

Chairman & Managing Director  
Kamdhenu Ispat Limited  
30th May 2012

## DIRECTORS' REPORT

Your directors are pleased to present the 19th Annual Report of the Company together with audited accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

(Rs.in Lacs)

PARTICULARS	Current Year 2012-2013	Previous Year 2011-2012
Gross Sales	59184.27	51869.65
Net Sales & Operating Revenues	54754.66	48150.80
Other Income	86.74	79.76
Profit Before Tax	661.54	548.63
Tax Expenses	180.70	145.56
Profit for the year	480.84	403.07

### FINANCIAL AND BUSINESS PERFORMANCE

A detailed analysis into the financial and operational performance for the year under review is appearing under Management Discussion & Analysis and Corporate Governance report, which form part of this Report.

### BOARD OF DIRECTORS

Mr. Radha Krishna Pandey and Mr. Purshottam Das Agarwal will retire by rotation and being eligible, offer themselves for re-appointment.

The brief resume of the Directors who are to be re-appointed, the nature of their expertise in specific areas, names of companies in which they hold directorships, committee memberships/chairmanships, their shareholdings etc. are furnished in the Corporate Governance Report of the Company.

Your directors recommend their re-appointment at the ensuing Annual General Meeting.

### DIVIDEND

Keeping in view the future growth and expansion requirement and the consequent outlay, the Board of Directors has decided not to recommend dividend for the financial year 2012-13.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, your Directors confirm:

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2013 and of the Profits of the Company for that year.

- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have been prepared the annual accounts on a going concern basis.

#### **FIXED DEPOSIT**

During the period under review, the Company has not invited any fixed deposits from the public in terms of provisions of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

#### **PREFERENTIAL ALLOTMENT**

During the year the Company has issued and allotted 2800000 Equity Shares of Rs. 10 each fully paid at a price of Rs. 16 per share, pursuant to the exercise of the option by the warrant holders, holding equal number of warrants, upon payment of balance consideration of 75%, on preferential basis, on 19.04.2012 in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 to the promoters/ persons acting in concert/ companies belong to the promoter group duly approved by the shareholder's resolution dated 10.12.2011.

#### **AUDITORS**

M/s S. Singhal & Co., Chartered Accountants, E-127, Industrial Area, Bhiwadi (Rajasthan), the Statutory Auditors of the Company, having registration number 001526C with the Institute of Chartered Accountants of India, retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company. The Company has received a letter dated 16.05.2013 for their re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

#### **AUDITORS REPORT**

The observation of the Auditors together with Notes to the Accounts as referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments from the Directors.

#### **CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, Management Discussion and Analysis, Corporate Governance Report is attached as a part of the Annual Report. The Certificate from Company Secretary in practice regarding compliance of conditions of Corporate Governance is also annexed.

#### **SUBSIDIARY COMPANY AND CONSOLIDATED RESULTS**

Your Company is not having any subsidiary company, hence disclosures regarding subsidiaries and consolidated results as per Accounting Standard AS-21 and AS-27 issued by the Institute of Chartered Accountants of India and clause 32 of the Listing Agreement are not required.

#### **PARTICULARS OF EMPLOYEES**

"No information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 to be furnished as none of the employees of the Company is in receipt of the remuneration in excess of the limits prescribed therein."

## **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Additional information regarding conservation of energy, research & development, technology absorption and foreign exchange earnings and outgo, required under section 217(1)(e) of the Companies Act, 1956 is given in Annexure forming part of this report.

## **ACKNOWLEDGEMENT**

Your Directors expresses their appreciation for the co-operation and support received from customers, clients, vendors, dealers, distributors, franchisees and business associates, shareholders, financial institutions, banks, regulatory authorities and the society for their support at all levels. The Board deeply acknowledges the dedicated efforts and contribution of the employees at all levels as without their focus, commitment and hard work, the path on which the Company is marching ahead, would not be possible.

BY ORDER OF THE BOARD OF DIRECTORS  
KAMDHENU ISPAT LIMITED

Date : 30.05.2013  
Place : New Delhi

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

## ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31st March, 2013.

### A) CONSERVATION OF ENERGY

The Company ensures that all possible measures are taken to conserve energy including identification of potential areas of saving energy; installation of energy efficient equipments.

- i) Energy conservation measures taken: The Company had commissioned two wind power projects of 1.25 MW and 0.60 MW at Jaisalmer (Rajasthan) in the year 2006 and 2007 having least expensive and eco-friendly source of energy.
- ii) Additional investment proposals, if any, being implemented for reduction of energy. NIL
- iii) Impact of measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods. The total power generated from both the wind power projects were 2655834 units.
- iv) Details of energy consumption and energy consumption per unit of production is given in "Form A"

#### Form A

Particulars	2012-2013	2011-2012
<b>STEEL DIVISION</b>		
A. Power and Fuel Consumption		
1. Electricity		
a) Purchase Unit *	28159743	27197424
<b>Total Amount (Rs.)</b>	<b>171339511</b>	<b>138161783</b>
Rate/Unit (Rs.)	6.08	5.08
b) Own Generation		
i) Through diesel generator (Unit)	-	-
Units per Ltr. of diesel Oil	-	-
Cost / Unit (Rs.)	-	-
ii) Through Wind Power turbines	2655834	2501767
2. Coal (Gasification Plant )		
Steam Coal (MT)	4866	7111
<b>Total Amount (Rs.)</b>	<b>39320899</b>	<b>51787749</b>
Average rate/MT (Rs.)	8081	7283
3. Furnace Oil		
Quantity (KL)	116	156
<b>Total Amount (Rs.)</b>	<b>5048523</b>	<b>5825014</b>
Average rate per KL (Rs.)	43522	37340
B. Consumption per unit of production		
Electricity- units/MT. **	408	395
Furnace Oil-Ltrs/MT	2	3
Coal - Kg/MT	96	132

\*Electricity Purchased units includes unit consumed in the production of MS Ingot & Bars.

\*\* Consumption per unit of production calculated after considering the total production of MS Ingot & Bars.

Particulars	2012-2013	2011-2012
<b>PAINT DIVISION</b>		
A. Power and Fuel Consumption		
Electricity		
Purchase Unit	841590	836070
Total Amount (Rs.)	5290973	4508719
Rate/Unit (Rs.)	6.29	5.39
B. Consumption per unit of production		
Electricity- units/MT/KL	24	23

## B) TECHNOLOGY ABSORPTION

### Form B

(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION)

## RESEARCH AND DEVELOPMENT (R & D)

### i) Specific areas in which R &D carried out by the Company

The Company's R&D activities concentrated on development of new products and applications, efficient use of resources and improving quality of products.

Research & Development works are continued in respect of next generation products like Galvanized Rebar and Stainless Steel Rebar and in the existing products TMT Rebar. The research is also at final stage towards introducing the new range of TMT Bars which is being developed especially for high rises, construction at high seismic earthquake zones and heavy infrastructure projects.

The Company in the past has not only introduced the water based enamel which is eco friendly and known for its longevity as compared to the conventional oil based paints but also developed a special painting system called Renaissance Replica – a European styled designer paints. The Company is also undertaking Research & Development activity for the reduction of cost of water based paints as there might be shortage of petroleum product in future and ultimately all need to go to VOC (Volatile Organic Compound) products.

### ii) Benefits derived as a result of above R & D

Galvanized Rebars and Stainless Steel Rebar shall prove to be very effective in the coastal areas where moisture level in the air is very high, where traditional iron bar is not effective due to rust.

### iii) Future plan of action

The R. & D efforts of your Company will continue to focus on development of new products and applications, efficiency improvements, waste reduction, saving in energy consumption and improving quality of products.

iv) Expenditure on R & D	(Rs. in Lacs)
a) Capital	0.93
b) Recurring*	27.80
c) Total	28.73
d) % of Turnover	0.06

\*Recurring expenses are included in the Revenue expenses.

## TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

**i) Efforts in brief, made towards Technology Absorption and Innovation:**

The Company has entered into an agreement in 2005 with Centre De Rechercher Metallurgiques (CRM) Asbi-Avenue du Bois Saint Jean, 21-Domain Universitaire Ddu Sart Tilman (P59) - B- 4000 LIEGE, Belgium for use of TEMPCORE trademark used for identification of high quality steel bars manufactured with the technology known as Thermo Mechanical Treated (TMT). In accordance with the terms of agreement, the Company built a thermo processing line with technical know how and engineering of Hariths Engineering, Bangalore.

**ii) Benefits derived as a result of the above efforts e.g. product quality improvement, cost reduction, product development etc.**

**iii) Imported technology (imported during the last five years reckoned from the beginning of the financial year) Nil:**

## C). FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has not earned any foreign exchange during the year under review.

The Company has incurred foreign exchange outgo of Rs. 2.86 Lacs towards the sales promotion and Rs. 35.34 lacs towards import of machinery for pants segment, during the year under review.

BY ORDER OF THE BOARD OF DIRECTORS  
KAMDHENU ISPAT LIMITED

Date : 30.05.2013  
Place : New Delhi

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRIAL AND ECONOMIC SCENARIO

After recovering to a growth of 9.2 per cent in 2009-10 and 2010-11, growth of value added in industrial sector, comprising manufacturing, mining, electricity and construction sectors, slowed to 3.5 per cent in 2011-12 and to 3.1 percent in the current year. The manufacturing sector, the most dominant sector within industry, also witnessed a decline in growth to 2.7 per cent in 2011-12 and 1.9 per cent in 2012-13 compared to 11.3 per cent and 9.7 per cent in 2009-10 and 2010-11, respectively. The growth of the mining sector in 2012-13 is estimated at 0.4 per cent, though it showed an improvement over a negative growth of 0.63 per cent recorded in 2011-12. With improved business sentiments and investor perception and a partial rebound in industrial activity in other developing countries, industrial growth is expected to improve in the next financial year.

The moderation in industrial growth, particularly in the manufacturing sector, is largely attributed to sluggish growth of investment, squeezed margins of the corporate sector, deceleration in the rate of growth of credit flows and the fragile global economic recovery.

The Indian economy is estimated to grow at a higher rate of 6.7 per cent in 2013-14 due to revival in consumption, according to a report by CRISIL. India's GDP growth in 2013-14 will be supported by the revival of private sector consumption growth aided by higher growth in agriculture, high government spending and lower interest rates. The Indian financial markets have witnessed favoritism among the investing diaspora compared to its Asian counterparts such as South Korea, Taiwan, Thailand and Indonesia.

### FINANCIAL AND OPERATIONAL REVIEW

The Company puts a remarkable show for the year under review by posting a net profit of Rs. 480.84 Lacs as compared to Rs. 403.07 Lacs in the previous financial year, an increase of 19%. During the year under review, the total turnover of the Company clocked at Rs. 59,184 Lacs as compared to Rs. 51,870 Lacs, an increase of 14% as compared to the previous year.

The yearly sale under steel division has been increased by 14% as compared to the previous year as the total sales have been increased to Rs 40,898 Lacs from Rs. 35,910 Lacs.

The Paint division of the Company also registered a growth of 15% and reached to a sales turnover of Rs. 18,178 Lacs from Rs. 15,860 Lacs. The company has been constantly involved in establishing the extensive marketing network, brand promotion, lucrative discount and rebate schemes to establish product in the market. The Paint division is at present operating from 32 sales depots across the country.

The Power division of the Company has generated a revenue of Rs. 109 Lacs during the financial year under review as against to Rs. 99 Lacs last year resulting a growth of 10%.

Overall Gross block as at 31st March, 2013 has increased to Rs. 6753 Lacs as compared to Rs. 6282 Lacs as at 31st March, 2012. Addition to gross block is mainly on account of acquisition of computerized tinting machines in the paint division and modernisation of the steel plant.

The tax expenses of the Company for current year is Rs. 180.70 Lacs as compared to Rs. 145.56 Lacs in the previous year which comprises current year tax, deferred tax and earlier year tax.

The earning per share for the year is Rs. 2.07 as against Rs. 2.08 in the previous year.

## MANAGEMENT DISCUSSIONS AND ANALYSIS

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## SEGMENT WISE PERFORMANCE

### STEEL DIVISION:

The Indian iron and Steel industry is nearly a century old. It was the first sector to be completely free from licensing regime in 1990-91 and pricing and distribution controls. The steel industry is expanding worldwide. For the number of years it has been benefiting from the exceptionally buoyant economies mainly India and China. The economic modernisation of the processes in these countries are driving the sharp rise in demand for steel.

The new Industrial Policy adopted by the Government of India has opened up the iron and Steel sector for private investments by removing it from the list of industries reserved for public sector and exempting it from compulsory licensing. Soaring demands by the sector by infrastructure, real estate and automobiles at home and abroad has put India's steel industry on the world map.

The demand for steel in India is expected to rise 7% in the next financial year beginning from April as compared to the sluggish 5.5% projected growth in financial year 2012-13. The overall outlook for steel sector is positive and the demand was likely to pickup in the next financial year on the back of revival in economic growth and the government's measures to ease the infrastructure investment rules.

In fiscal 2012-13 growth in domestic steel demand is expected to be around 5.5%, total demand is expected to be around 75 million tonnes from 71 million tonnes in the financial year 2011-12. In 2013-14 demand is expected to be higher at around 7%.

India is currently fourth largest producer of crude steel after China, Japan and USA. However, very soon India is expected to leave behind USA and Japan.

The World's Steel Association has focused that the steel consumption in India to grow at 5% in 2013. This is slightly lower than 6% growth in the previous year. According to ministry of steel, domestic real steel consumption grew 6.8% year-on-year to 70.92 million tonnes. The growth in consumption of steel has impacted by the lower demand by steel using industries, automobiles and infrastructure which are likely to remain modest during 2013-14. However, if government implements its \$1 trillion infrastructure investment plan in a timely manner, it could drive growth for steel industry.

**Production:** India is the fourth largest crude steel producer in the world. In 2011-12 production for sale of total finished steel was 73.42 million tonnes. The production for sale of pig iron in 11-12 was 5.78 million tonnes. India is the largest producer of sponge iron in the world with the coal based route accounting for 76% of the total sponge iron production in the country.

**Consumption:** Compare to the global average per capital consumption of 150 kg, India's per capita consumption of steel is still a mere 39 kg per head. Even by Asian standards, India has a long way to go in the consumption of steel. Technologically the main hurdles before the Indian steel industry are the cost of power, and non availability of metallurgical coke.

Weaker sales realizations and rising capital charges eat into steel makers' profits. Also the demand slowdown from key consuming industries affected sales volumes and also led to a softening in overall sales realizations of Indian steel producers. On the other hand, input costs remained at high levels, notwithstanding a moderation in international coking coal prices, leading to a reduction in the operating profitability of most players. Besides lower operating margins, high capital charges too have dented their net margins. The pressure on the profitability of steel players to continue in the near term, despite the price increase affected by various players in recent months, because of cost pressures and continuing weakness in demand.

### UPPER EDGE OF KAMDHENU ISPAT LIMITED

Besides having the plant and machinery to produce quality products and being one among the first producers of the latest product of TMT Bars i.e. 415D and 500D, Kamdhenu Ispat Limited enjoys deepest and farthest penetration in the pan India market through its more than 3500 dealers and distributors network.

The Franchisee Business Model of the Company has given an upper edge to us in sustaining and performing in the market by providing an all India presence reach even to the remote corners of the country. Apart from the reach it also helps us to cater the varied needs of consumers in a better and faster way.

Apart from the above strong system, Kamdhenu enjoys unparalleled brand image in the mind of the consumers and we have always kept their belief intact by providing the better quality of product much ahead in time than others.

## **PAINTS DIVISION**

The Indian paint industry is expected to touch the Rs 50,000 crore mark in the next three years on the back of rising urbanization and economic revival, according to the Indian Paint Association (IPA). Though the paint industry witnessed some slowdown in the last few years due to global economic uncertainties, the industry expects a good growth over the next three years. It is estimated that the industry would touch around Rs 49,545 crore by FY2016. In FY2012, the paint industry stood at Rs 26,040 crore, out of which the decorative segment contributed nearly 71 per cent at Rs 18,490 crore, while the remaining Rs 7,550 crore was contributed by the industrial segment. In terms of volume, the industry stood at 3.11 million tonnes, of which decorative segment accounted for nearly 77 per cent share.

The Indian Paint industry has achieved growth of around 15%-16% per cent per year in the past five years, which is 1.5 times India's Gross Domestic Product growth. The Indian Paint industry is broadly divided into two sectors – organized and unorganized which contribute around 65% and 35% of revenues respectively. It is primarily segmented into two categories – decorative paints and industrial paints which account for 72% and 28% of revenues respectively.

## **INITIATIVE BY KAMDHENU ISPAT LIMITED**

Kamdhenu Paints, a division of Kamdhenu Ispat Limited established a production unit in Chopanki, Rajasthan, with a state of art technology and also with modern research and development facilities. The Company manufactures and markets the paints under the trade mark **Colour Dreamz**. Dil ke rang deewaron pe. The division has grown in the past at an average of around 40% and in the FY 2012-13 it has grown by 14% and already placed itself in the top 6 brands of the country in the decorative segment. The company's USP has been the qualitative product at best prices, which hit the established players in the organized paint sector. The Company has its presence across the country through 32 depots and a strong marketing network of around 6000 dealers.

The Company has crossed the installation of more than 500 Computerized Tinting Machine which is generating satisfying results and becoming the main catalyst in the growth story of the Company. The Tinting Machine is used to make wide range of the shades by mixing colourant from Computerized Tinting Machine with paint base, as per the requirement/choice of the customer. The Company intends to increase this number as per market requirements in the financial year 2013-14. This would lead to considerable increase in the revenue.

The Company has also launched a series of new range of paints with main focus on Eco Fresh line which are water based luxury interior emulsion as per the market demand. These Eco Line range boast of low emission of VOC (Volatile organic Compound) which is hazardous to health.

## INTERNAL CONTROL SYSTEM

Kamdhenu Ispat Ltd. has a comprehensive internal control system equipped with qualified and experienced personnel in various departments including Finance, Accounts, Personnel, Administration, Technical and Corporate affairs. This mechanism ensures smooth corporate functioning and astute control of quality management within the overall work ethics of the company. Your company's internal control system ensures that all transaction are duly authorized, recorded and reported. Other than that the company has also put in place well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for creating and reviewing the annual and long-term business plans have been laid down. The Internal audit is carried out based on internal audit plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee. The Internal Audit process is designed to review the internal control checks in the system and covers all significant areas of the Company's operations such as Sales, Purchases, Inventory, Debtors, Creditors, Fixed Assets and legal compliances.

The Company has an Audit committee, which regularly reviews the findings of the Internal Audit and follow up of the same through action taken reports.

There are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company during the financial year under review.

## THREATS, RISKS AND CONCERNS

Steel industry is highly fragmented and competitive and increased competitive pressure may adversely affect the financial results. Significant increase in prices or shortage of raw material could affect the results of operations and financial conditions of the company. Any

BY ORDER OF THE BOARD OF DIRECTORS  
KAMDHENU ISPAT LIMITED

Date : 30.05.2013  
Place : New Delhi

**(Satish Kumar Agarwal)**  
Chairman & Managing Director

**(Sunil Kumar Agarwal)**  
Whole Time Director

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Transparency and integrity are two major components of the philosophy behind Corporate Governance. We at Kamdhenu Ispat Limited have highest level of commitment and adherence in letter and spirit to the same. The Company has a well established and proven system which not only ensures complete transparency and fairness but also ensures the integrity in the operations and conduct of the company. It is embedded deep in value and commitment of the Company and our every action is guided towards the maximization of the wealth of the shareholders.

Disclosure of information pertaining to financial situation, performance, ownership and governance is an important part of corporate governance. However any disclosure makes sense only when it is made accurately and on time and we have always been very disciplined in every disclosure.

Existence of a strong mechanism to ensure the regulatory compliances is another aspect on which the company has sets a very high standard. The Company continues its endeavor to achieve corporate excellence in its functioning and conduct of business with strong accountability so as to generate sustainable economic value for all its stakeholders.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors, comprises of Eight (8) Directors, out of which Four (4) are Non-Executive Independent Directors. All statutory and material information was made available to the Board of Directors to ensure adequate disclosures and transparent decision making.

None of the Director is a member of more than ten committees, or acts as Chairman of more than five committees, across all companies in which they are Director.

#### b) Board Meetings

During the year ended 31st March, 2013, the Board met 4 times on 30th May, 2012, 11th Aug 2012, 8th Nov, 2012 and 13th Feb 2013. The time gap between two Board meetings was not more than four months.

The composition of Board of Directors, Attendance of Directors at the Board Meeting and Last Annual General Meeting, Directorship in other Public Limited Companies and Membership in Committees are as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at Last AGM held on 27th September 2012	No. of Directorship held in other Companies*	No. of Board Committee Memberships held in other Companies.
Mr. Satish Kr. Agarwal	Promoter /Executive Director	4	Yes	4	NIL
Mr. Sunil Kr. Agarwal	Promoter / Executive Director	3	Yes	6	NIL
Mr. Saurabh Agarwal	Executive Director	2	Yes	5	NIL
Mr. Sachin Agarwal	Executive Director	4	Yes	4	NIL
Mr. M.K. Doogar	Non Executive Independent Director	4	Yes	7	2
Mr. R. C. Surana	Non Executive Independent Director	2	No	0	NIL
Mr. Purshottam Das Agarwal	Non Executive Independent Director	2	No	1	NIL
Mr. R.K. Pandey	Non Executive Independent Director	4	No	13	2

\* Excluding private, foreign and companies registered under section 25 of the Companies Act, 1956.

### c) Brief resume of Directors seeking appointment / re-appointment

#### (i) Mr. Radha Krishna Pandey

Mr. Radha Krishna Pandey, aged 73 years, is Fellow member of the Institute of Company Secretaries of India and engaged in Corporate Advisory services in Legal, Financial and Capital market besides being on the Board of a number of companies. He has more than 34 years of professional experience in the field of Capital market, Finance, Accounts etc and was Executive Director of Delhi Stock Exchange for 16 years.

#### Other Directorship:

- |  |  |
|--|--|
| 1. Welcure drugs & Pharmaceuticals Ltd     | 2. Hanung Toys and Textiles Limited        |
| 3. PTC Industries Limited                  | 4. British Health Products (India) Limited |
| 5. Precise Laboratories Pvt. Ltd           | 6. Jindal Poly Films Limited               |
| 7. Shree Rajasthan syntex Limited          | 8. Ricoh India Limited                     |
| 9. Morgan Ventures Limited                 | 10. A & M Publications Limited             |
| 11. Singhi Industries Limited              | 12. Uninet Infra Technologies Pvt Ltd      |
| 13. Jaypee Uttar Bharat Vikas Pvt Ltd      | 14. Kanpur Fertilisers & Cement Ltd        |
| 15. Andhra Cement Limited                  | 16. Steren Impex Pvt Ltd                   |
| 17. Jaypee Development Corporation Limited |  |

#### (ii) Mr. Purshottam Das Agarwal

Mr. Purshottam Das Agarwal is an independent director since 5th December, 2005. He has over 28 year experience of manufacturing and trading of MS and GI Pipes. He is also involved with educational bodies and institutions.

He is also a Director in Purshottam Industries Limited.

### 3. AUDIT COMMITTEE

#### a) Terms of reference

The terms of reference of the Audit Committee are in line with those specified under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee reviews the internal audit including internal control mechanism, financial reporting and financial management policies of the Company and adequacy of the same. The Committee also oversees the financial statements with particular emphasis on accounting policies and practices, significant adjustments, major accounting entries and entries involving estimates based on exercise of judgment by the management, related party transaction, compliance with accounting standards and other legal requirements concerning financial statement, before the same are submitted to the Board. The Committee recommends and reviews the terms of appointment, nature and scope of duties of statutory and internal auditors of the Company.

#### b) Composition, meetings and attendance

The Audit Committee comprises of four (4) members. The composition of the Audit committee meets the requirements of Section 292 A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The Chief Financial Officer, the Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee. The members of the committee are having necessary knowledge in financial, accounting and business matters. Minutes of the Audit Committee were circulated to the Board members.

During the financial year 2012-2013, the Committee met four (4) times on 30th May, 2012, 11th Aug 2012, 8th Nov, 2012 and 13th Feb 2013.

Name	Category	Number of meetings Attended
Mr. Radha Krishna Pandey	Non Executive Independent Director	4
Mr. M.K. Doogar	Non Executive Independent Director	4
Mr. Sunil Kumar Agarwal	Promoter; Executive Director	3
Mr. Purshottam Das Agarwal*	Non Executive Independent Director	2

\*Mr. Purshottam Das Agarwal appointed as member of Audit Committee by the Board of Directors in their meeting held on 30th May, 2012.

Mr. M.K. Doogar, Chartered Accountant, is the Chairman of the Committee. All members of the Audit Committee are financially literate. The Company Secretary acts as a Secretary to the Committee.

#### 4. REMUNERATION COMMITTEE

##### a) Terms of reference

The Remuneration Committee, inter-alia, reviews and recommends grant of remuneration to the Managing Director/Whole Time Director(s) etc, evaluation of their performance and also framing any remuneration(s) policy in relation thereto.

##### b) Composition, meetings and attendance

Name	Category	Number of meetings held
Mr. M.K. Doogar	Non Executive Independent Director	Nil
Mr. Purshottam Das Agarwal	Non Executive Independent Director	Nil
Mr. Ramesh Chand Surana*	Non Executive Independent Director	Nil

\*Mr. Ramesh Chand Surana appointed as member of Remuneration Committee by the Board of Directors in their meeting held on 30th May, 2012. He took the position of Mr. Parvesh Kumar Goel.

Mr. M.K. Doogar is the Chairman of the Committee. The Company Secretary acts as a Secretary to the Committee.

##### c) Remuneration Policy

The Executive Directors of the Company are paid, as approved by the Board of Directors, on the recommendation of the Remuneration Committee. The remuneration is decided considering various factors such as qualification, experience, expertise, remuneration prevailing in the industry, financial position of the Company. The Company pays sitting fees only to its Non Executive Independent Directors for attending the meetings of the Board.

##### d) Details of Remuneration to Directors

Remuneration /Sitting fee paid to the Directors of the Company for the financial year 2012-2013.

i) Remuneration paid to the Executive directors.

Name	Sitting Fees (Rs.)	Salary & Allowances (Rs.)	Service Contract	Severance Fee
Mr. Satish Kr. Agarwal	NIL	4032000	3 yrs	Nil
Mr. Sunil Kr. Agarwal	NIL	3780000	3 yrs	Nil
Mr. Saurabh Agarwal	NIL	3528000	3 yrs	Nil
Mr. Sachin Agarwal	NIL	3528000	3 yrs	Nil
<b>TOTAL</b>		<b>14868000</b>		

ii) Sitting fees paid to the Non - Executive directors.

Name	Sitting Fees (Rs.)
Mr. Purshottam Das Agarwal	12000
Mr. M.K. Doogar	24000
Mr. Radha Krishna Pandey	24000
Mr. R.C Surana	10000
<b>TOTAL</b>	<b>69000</b>

III) Non Executive Independent Directors do not hold any equity shares in the Company, except Mr. Purshotam Das Agarwal who holds 46369 equity shares in the Company.

## 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

### a) Terms of reference

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations, apart from looking into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of annual reports, non-receipt of dividend and allied matters and complaints received from the Stock Exchanges.

### b) Composition, meetings and attendance

During the financial year 2012-2013, the Committee met Four (4) times on on 30th May, 2012, 11th Aug 2012, 8th Nov, 2012 and 13th Feb 2013

Name	Category	Number of meetings Attended
Mr. Saurabh Agarwal	Executive Director	2
Mr. M.K. Doogar	Non Executive Independent Director	4
Mr. Ramesh Chand Surana*	Non Executive Independent Director	2

\*Mr. Ramesh Chand Surana appointed as member of Investor Grievance Committee by the Board of Directors in their meeting held on 30th May, 2012.

During the financial year ended 31st March, 2013, the Company had received requests/ complaints related to the refund orders, credit of Refund order through ECS, revalidation of refund orders, non receipt of Annual Report etc. Request / complaints were disposed off to the satisfaction of shareholders/investors.

## GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the shareholders are as follows

For the year ended	Location	Date	Time	Details Of Special Resolutions Passed
31.03.2012	Plot No. 841/1(2-8) & 847(2-16), Behind Rajasthan Petrol Pump, Village Rajokari, Vasant Vihar, New Delhi-110038	27.09.2012	10.00.AM	Nil
31.03.2011	Plot No. 841/1(2-8) & 847(2-16), Behind Rajasthan Petrol Pump, Village Rajokari, Vasant Vihar, New Delhi-38	29.09.2011	10.00.AM	1. Approval of remuneration of Mr. Sunil Kumar Agarwal, WTD 2. Approval of remuneration of Mr. Saurabh Agarwal, WTD 3. Approval of remuneration of Mr. Satish Kumar Agarwal, WTD 4. Approval of remuneration of Mr. Sachin Agarwal, WTD.
31.03.2010	Plot No. 841/1(2-8) & 847(2-16), Behind Rajasthan Petrol Pump, Village Rajokari, Vasant Vihar, New Delhi-38	29.09.2010	10.00.AM	Nil

## 6. DISCLOSURES

During the year ended 31st March, 2013, there had been no materially significant transaction entered by the Company with any party, which is considered to have potential conflict with the interest of the Company at large.

There had not been any non-compliance, and no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authority, on any matter relating to the capital markets during the period under review.

The Company has not yet put in place a Whistle Blower Policy. However, no employee has been denied access to the Audit Committee of the Board of Directors of the Company.

The Company has fully complied with the Mandatory Requirements of Clause 49 of the Listing Agreement, as presently applicable under review.

## DISCLOSURES OF ACCOUNTING TREATMENT

While in the preparation of the Financial Statements, the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) have been followed.

## 7. CEO / CFO CERTIFICATION

The Chairman & Managing Director and the Chief Financial Officer of the Company have given requisite Certificate to the Board of Directors of the Company in terms of Clause V of Clause 49 of the Listing Agreement.

## 8. MEANS OF COMMUNICATION

The quarterly/yearly un-audited/audited results are published in prominent daily newspapers, viz. Financial Express in English and in Jansatta in Hindi and are also posted on the Company's website [www.kamdhenuspat.com](http://www.kamdhenuspat.com). The quarterly / yearly un-audited / audited results and other pertinent communiqués pursuant to the requirements of the Listing Agreement are sent by fax, E-mail as well as by courier, to the Bombay Stock Exchange and National Stock Exchange, where shares of the Company are listed.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS

### a) 19th Annual General Meeting

**Date and Time** : 27th September, 2013 at 10.00 A.M

**Venue** : Khasra No. 841/1 (2-8) & 847 (2-16), Behind Rajasthan Petrol Pump, Village Rajokari, Vasant Vihar, New Delhi- 110039.

Financial Calendar 2013-2014

Event	On or Before
Results for the 1st Quarter ended 30th June, 2013	14.08.2013
Results for the 2nd Quarter ended 30th September, 2013	14.11.2013
Results for the 3rd Quarter ended 31st December, 2013	14.02.2014
Audited results for the financial year ended 31st March, 2014	30.05.2014

b) **Book Closure Period** : from 17th September to 27th September, 2013 (both days inclusive)

### c) Listing on Stock Exchanges

The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The annual listing fees for the financial year 2013-2014 have been paid to these Stock Exchanges.

### d) Stock Code

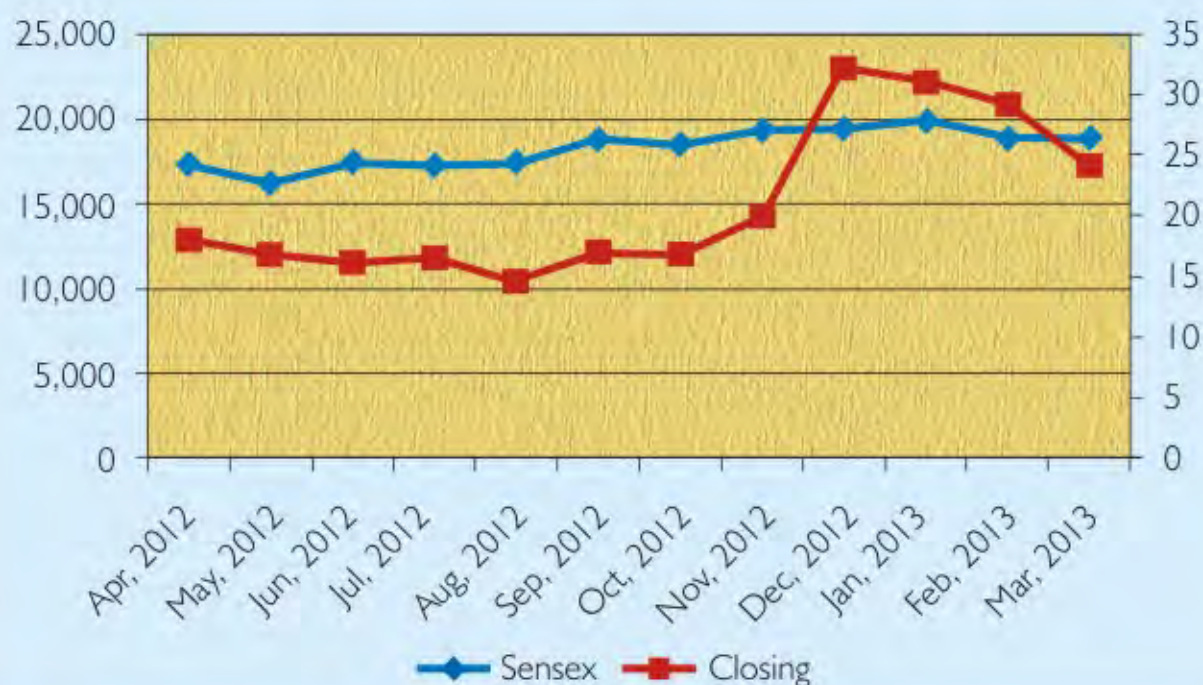
Bombay Stock Exchange Limited : 532741

National Stock Exchange of India Limited : KIL

### e) Stock Market Price data

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, during the period under review are as follows

MONTH	BSE				NSE			
	High (Rs.)	Low (Rs.)	Closing	Volume (No.)	High (Rs.)	Low (Rs.)	Closing	Volume (No.)
Apr, 2012	19.50	17.15	17.95	1,49,778	19.50	17.25	18.15	430762
May, 2012	19.30	13.40	16.80	1,13,616	18.80	13.50	16.85	382732
Jun, 2012	18.65	15.30	16.10	47,946	18.90	15.70	16.10	220668
Jul, 2012	17.65	15.95	16.45	57,320	17.30	15.25	16.30	112107
Aug, 2012	17.25	13.60	14.55	69,360	17.55	12.60	14.35	108457
Sep, 2012	18.45	13.10	16.94	41,945	17.50	13.55	16.45	79027
Oct, 2012	18.00	16.10	16.80	1,27,862	17.80	16.15	16.55	75173
Nov, 2012	24.75	16.65	19.90	4,82,287	24.60	16.30	20.00	1163964
Dec, 2012	33.35	19.70	32.20	9,66,629	33.35	20.00	32.25	2001917
Jan, 2013	36.50	27.85	30.95	16,95,727	36.85	27.15	30.75	2666187
Feb, 2013	34.70	28.35	29.15	7,53,796	34.80	28.05	29.00	988530
Mar, 2013	29.30	21.10	24.15	3,23,892	30.00	21.50	24.05	597656



[Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)]

(Based on month ended closing price of Kamdhenu on BSE and month ended BSE Sensex)

**f) Registrar and Share Transfer Agents**

M/s Karvy Computershare (P) Limited is the Registrar and Share Transfer Agent of the Company in respect of shares held in physical and de-mat form.

M/s Karvy Computershare (P) Limited  
17-24, Vittal Rao Nagar, Madhapur  
Hyderabad-500081,  
Andhra Pradesh, India  
Tel: 91-40-23420815-20 Fax: 91-40-23420814  
E-mail: mailmanager@karvy.com  
www.karvycomputershare.com

**g) Compliance Officer Details**

Mr. Yogendra Dwivedi (Company Secretary)

**Registered Office:**

L-3111, Khasra No. 724, Street No. 7, Mahipalpur Extension, New Delhi-110037  
Telephone: 011-65493417, Fax: 011-26784596  
Email: investorgrievances@kamdhenuispat.com

**Corporate Office:**

2nd Floor, Tower-A, Building No. 9, DLF Cyber City, Phase-III  
Gurgaon - 122 002 (Haryana)  
Telephone: 0124-4604500 (30 Lines), Fax: 0124-4218524  
Email: kamdhenu@kamdhenuispat.com, Website : www.kamdhenuispat.com

**h) Share Transfer System**

The Company has a Share Transfer Committee, a sub-committee of Investor Grievance Committee to look into various issues relating to the investors including share transfers/transmissions, duplicate share certificates, splitting, consolidation of share certificates, dematerialization of shares etc. This Share Transfer Committee of the Board of Directors of the Company meets as and when requests received from the RTA to give effect to the share transfers/transmissions, duplicate share certificates, splitting, consolidation of share certificates, dematerialization of shares.

M/s Karvy Computershare Private Limited (RTA) process the share transfers / transmission, splitting, consolidation of share certificates in physical form and the same are approved by the Share Transfer Committee. Transfer of shares in physical form are registered and dispatched within 1 month of their receipt, subject to documents being valid and complete in all respects. The Board is regularly updated on the matters transacted at the Share Transfer Committee meetings.

**i) Distribution of Shareholding as at 31st March, 2013**

Category (Shares)	No. of Cases	Percentage to cases	No. of Shares	Percentage to Shares
1 - 5000	10061	85.40%	1778454	7.60%
5001 - 10000	940	7.98%	798846	3.41%
10001 - 20000	380	3.23%	596536	2.55%
20001 - 30000	120	1.02%	304248	1.30%
30001 - 40000	60	0.51%	221863	0.95%
40001 - 50000	44	0.37%	212350	0.91%
50001 - 100000	73	0.62%	552584	2.36%
100000 & Above	103	0.87%	18935119	80.92%
<b>TOTAL</b>	<b>11781</b>	<b>100%</b>	<b>23400000</b>	<b>100%</b>

j) **Shareholding Pattern as at 31st March, 2013**

Category	No. of Shares	% of Paid up Capital
Promoters' Group Holding		
KAMDHENU OVERSEAS LIMITED	2999873	12.82
SATISH KUMAR AGARWAL	1281742	5.48
KAMDHENU PAINT INDUSTRIES LIMITED	1279700	5.47
SUNIL KUMAR AGARWAL	1295292	5.54
KAMDHENU CONCAST LIMITED	1125510	4.81
SARITA AGARWAL	1063700	4.55
SHAFALI AGRAWAL	701942	3.00
KAMDHENU INFRADEVELOPERS LIMITED	600000	2.56
KAMDHENU NUTRIENTS PRIVATE LIMITED	600000	2.56
KAMDHENU METALLIC INDUSTRIES LIMITED	588934	2.52
SACHIN AGARWAL	477280	2.04
SAURABH AGARWAL	476500	2.04
RADHA AGARWAL	383100	1.64
SATISH KUMAR AGARWAL (HUF)	365900	1.56
SHATUL AGARWAL	337700	1.44
SUNIL KUMAR (HUF)	300280	1.28
SHIVANI AGARWALI	240235	1.03
PRIYANKA AGARWAL	231129	0.99
ISHITA AGARWAL I	145716	0.62
SOMYA AGARWAL	144660	0.62
AYUSH AGARWAL	90600	0.39
SHREYA AGARWAL	61900	0.26
AYUSH AGARWAL (HUF)	50000	0.21
<b>Total Promoters Group Holding</b>	<b>14841693</b>	<b>63.43</b>
Mutual Funds	0	0
Banks/Financial Institutions/Insurance Companies	700	0
FII's	0	0
Private Corporate Bodies	1446350	6.18
Indian Public	7033184	30.05
NRI's	74329	0.33
Clearing members	3744	0.01
<b>TOTAL</b>	<b>23400000</b>	<b>100.00</b>

k) **De-materialization of Shares & liquidity**

Equity shares of your company are in compulsory de-mat settlement mode and can be traded only in de-mat form. Except 8070 (0.34%) equity shares out of total issued capital of the Company, all the shares of the Company are in de-mat form.

International Securities Identification Number (ISIN) allotted to the Company by NSDL and CDSL is INE 390H01012

l) **Plant locations**

**Steel Division:** A-1114, RIICO Industrial Area, Phase-III, Bhiwadi -301019 (Rajasthan)  
Phone: 01493-520401-430 Fax: 01493-520428

**Paint Division:** E-538-539 A, Industrial Area, Chopanki, Distt. Alwar-Rajasthan  
Phone: 01493-306800 Fax: 01493-306810

m) **Outstanding GDRs/ADRs/Warrants/Options/FCCBs**

There is no outstanding security as on 31st March, 2013.

**n) Address for Correspondence**

**Kamdhenu Ispat Limited,**

2nd Floor Tower A, Building No. 9, DLF Cyber City, Phase III, Gurgaon-122002 (Haryana)

Phone: 0124-4604500 (30 Lines) Fax: 0124-4218524, Email: kamdhenu@kamdhenuispat.com

**o) Other useful Information**

**a) Unclaimed / Unpaid Dividend**

Members, who have not received / encashed their dividend for the financial year 2011-12 may approach the R & T Agent and/or the Company for payment of such unpaid dividend.

As per section 205A of the Companies Act, 1956, no amount is required to be transferred to the Investors Education and Protection Fund as set up under section 205C of the Companies Act, 1956.

**b) Nomination facility**

In terms of section 109 A of the Companies Act, 1956, shareholders holding shares in demat and physical form may in their own interest register their nomination with the DP and R&T Agent, respectively.

**10. CODE OF CONDUCT**

As per the requirement of the Listing Agreement, Company has formulated Code of Conduct for the Board members and senior management personnel of the Company so that the Company's business is conducted in an efficient and transparent manner without having any conflict of personal interests with the interests of the Company. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

**Declaration by the Chairman & Managing Director**

It is hereby declared that the Company has obtained from each individual member of the Board of Directors and the Senior Management confirming that none of them has violated the conditions of the said Code of Conduct.

BY ORDER OF THE BOARD OF DIRECTORS  
KAMDHENU ISPAT LIMITED

Date : 30.05.2013  
Place : New Delhi

(Satish Kumar Agarwal)  
Chairman & Managing Director

(Sunil Kumar Agarwal)  
Whole Time Director

**11. COMPANY SECRETARIES' CERTIFICATE TO THE MEMBERS OF KAMDHENU ISPAT LIMITED**

We have examined the compliances of conditions of Corporate Governance by Kamdhenu Ispat Limited ("the Company") for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of information and explanation provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned clause of the Listing Agreement.

We state that in respect of the investor grievances received during the year ended March 31, 2013, no investor grievances were remained unattended / pending for a period exceeding one month as per the records placed before the Shareholders' / Investors' Grievance Committee.

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

Sanjeev Bajaj & Associates  
Company Secretaries

(Sanjeev Kumar Bajaj)  
Proprietor FCS 5789  
CP No. 8492

Date: 30.05.2013  
Place: New Delhi

## INDEPENDENT AUDITORS' REPORT

### To the Members of Kamdhenu Ispat Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Kamdhenu Ispat Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditors' Responsibility

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

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

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

#### Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For S.Singhal & Co.**

Chartered Accountants

(Registration No. 001526C)

Dated : 30.05.2013

Place : New Delhi

**(R.K.Gupta)**

PARTNER

M.No.073846

## Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date:

1. a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.  
b. According to the information & explanation given to us, the fixed assets has been physically verified by the management during the year in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.  
c. In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.  
b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c. In our opinion and according to information & explanation given to us, The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, consequently, the requirement of clause (iii) (b) (c) (d) (f) and (g) of the said order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register, maintained under the said section have been so entered.  
b. In our opinion and according to the information and explanation given to us, the transactions exceeding the value of Rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such prices are available.
6. In our opinion and according to the information & explanation given to us, the company has not accepted deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion and according to the information and explanation given to us, the Company has an internal Audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that Prima facie the prescribed cost records are general and not in precise manner for the product of the Company. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities except for delays in some cases. According to the information and explanation given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs.594.71 Lacs (Gross demand of Rs.886.44 Lacs less deposited their against of Rs.291.73 Lacs) have not been deposited on account of disputed matters pending before appropriate authorities as per details given below:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in Lacs)	Forum where Dispute is pending
Income Tax Act	Income Tax Matters	A.Y. 2001-02, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	89.21	CIT (Appeals) Alwar & Jaipur, ITAT Jaipur
Central Excise Act & Finance Act	Excise Duty & Service tax	FY. 1998-99, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11	421.81	CESTAT, High Court of Rajasthan, Adj. Commissioner Central Excise, Asst. Comm. Of Service Tax, Joint Commissioner of Central Excise
Central Sales Tax Act and Sales Tax Act of various States	Sales Tax	FY. 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	375.42	Dy. Comm. (Appeal), Rajasthan Tax Board, Joint Commissioner (Appeal)

10. The Company does not have accumulated Losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or banks. The company has not issued any debenture.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund / nidhi / mutual benefit fund/ society. Therefore, the provision of clause (xiii) of paragraph 4 of the order are not applicable to the Company.
14. The company is not dealing or trading in shares, securities, debentures. However records of investment in securities are properly maintained. Further such securities have been held by the Company in its own name.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given to us, and record examined by us the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and an overall examination of the balance sheet of the company, we are of the opinion that there no funds raised on short term basis that have been used for long term investment.

18. According to the information and explanations given to us and in our opinion during the year the company has made preferential allotment of shares to parties & companies covered in the register maintained under section 301 of the Companies Act, 1956 & price at which shares have been issued is not prejudicial to the interest of the Company.
19. No debentures has been issued by the company during the year.
20. The Company has not raised any monies by way of Public Issues during the year.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed and reported during the year.

**For S.Singhal & Co.**

Chartered Accountants

(Registration No. 001526C)

Dated : 30.05.2013

Place : New Delhi

**(R.K.Gupta)**

PARTNER

M.No,073846

## BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in ₹)

	NOTE No.	As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	234,000,000	206,000,000
(b) Reserves & Surplus	2	646,314,611	581,430,521
(c) Money Received against Share Warrants	3	-	11,200,000
		<b>880,314,611</b>	<b>798,630,521</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	19,265,385	66,816,100
(b) Deferred Tax liabilities (Net)	5	45,951,016	45,589,061
(c) Other Long Term liabilities	6	79,503,899	81,656,617
(d) Long Term Provisions	7	9,324,980	7,274,505
		<b>154,045,280</b>	<b>201,336,283</b>
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	702,601,055	608,955,888
(b) Trade Payables	9	742,009,431	474,741,211
(c) Other Current liabilities	10	195,911,406	215,206,709
(d) Short Term Provisions	11	944,329	14,535,930
		<b>1,641,466,221</b>	<b>1,313,439,739</b>
<b>TOTAL</b>		<b>2,675,826,112</b>	<b>2,313,406,542</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		480,264,086	470,840,147
(ii) Capital Work-in-progress		14,986,578	12,872,415
		495,250,664	483,712,562
(b) Non-Current Investments	13	17,792,200	17,792,200
(c) Long Term Loans & Advances	14	22,791,645	20,572,773
(d) Other non-current Assets	15	47,823,930	75,607,908
		<b>583,658,439</b>	<b>597,685,443</b>
<b>(2) Current Assets</b>			
(a) Inventories	16	504,018,230	386,217,260
(b) Trade Receivables	17	1,196,448,372	989,433,197
(c) Cash & Cash equivalents	18	89,889,158	35,256,870
(d) Short Term Loans & Advances	19	286,436,358	291,207,945
(e) Other Current Assets	20	15,375,554	13,605,827
		<b>2,092,167,673</b>	<b>1,715,721,099</b>
<b>TOTAL</b>		<b>2,675,826,112</b>	<b>2,313,406,542</b>

Statement of Significant Accounting Policies

The accompanying notes form an integral part of the financial statements.

In terms of our report of even date attached

For **S.SINGHAL & CO.**

Chartered Accountants

Firm Registration No.- 001526C

**(R.K.Gupta)**

Partner

Membership No.- 073846

Dated : 30.05.2013

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director

**(Sunil Kumar Agarwal)**

Whole Time Director

**(Harish Kumar Agarwal)**

Chief Financial Officer

**(Yogendra Dwivedi)**

Company Secretary

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

(Amount in ₹)

	NOTE No.	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>I. Revenue from Operations</b>			
Gross Sales & Operating Revenues	21	5,918,427,198	5,186,965,077
Less: Excise duty		442,961,391	371,884,881
<b>Net Revenue from Operations</b>		<b>5,475,465,807</b>	<b>4,815,080,196</b>
<b>II. Other Income</b>	22	8,673,840	7,975,985
<b>III. Total Revenue (I + II)</b>		<b>5,484,139,647</b>	<b>4,823,056,181</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	23	2,500,629,782	2,544,118,043
Purchases of Stock-in-Trade	24	1,879,492,139	1,256,844,774
Change in inventories of finished goods, Work in progress and Stock in trade	25	(101,788,339)	(46,692,673)
Employee Benefit Expenses	26	211,860,764	184,351,651
Finance Costs	27	109,505,662	101,886,537
Depreciation & Amortization Expense	12	43,245,486	42,088,317
Other Expenses	28	775,040,133	685,596,265
<b>Total Expenses</b>		<b>5,417,985,627</b>	<b>4,768,192,913</b>
<b>V. Profit before Tax (III-IV)</b>		66,154,020	54,863,268
<b>VI. Tax Expense:</b>			
- Current Tax		18,462,178	15,814,926
- Deferred Tax		361,955	(2,929,362)
- Income Tax of earlier years		(754,204)	1,670,330
<b>Total Tax Expenses</b>		<b>18,069,929</b>	<b>14,555,894</b>
<b>VII. Profit after tax for the year (V-VI)</b>		<b>48,084,090</b>	<b>40,307,374</b>
<b>VIII. Earnings per equity share of face value of Rs. 10 each</b>			
- Basic (In rupees)		2.07	2.08
- Diluted (In rupees)		2.07	2.06

Statement of Significant Accounting Policies

The accompanying notes form an integral part of the financial statements from I. to 42.

In terms of our report of even date attached

For **S.SINGHAL & CO.**

Chartered Accountants

Firm Registration No.- 001526C

**(R.K.Gupta)**

Partner

Membership No.- 073846

Dated : 30.05.2013

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**  
Chairman & Managing Director

**(Sunil Kumar Agarwal)**  
Whole Time Director

**(Harish Kumar Agarwal)**  
Chief Financial Officer

**(Yogendra Dwivedi)**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>66,154,020</b>	<b>54,863,268</b>
Adjustments for:		
Depreciation	43,245,486	42,088,317
Loss on sale/discarding of Fixed Assets (Net)	1,977,188	326,104
Loss on sale/Diminution of Investment	-	-
Dividend received	(570,000)	-
Interest received	(2,740,894)	(2,257,697)
<b>Operating Profit before Working Capital Changes</b>	<b>108,065,800</b>	<b>95,019,992</b>
Adjustments for:		
Trade Receivables	(207,015,175)	(137,443,054)
Inventories	(17,800,970)	(50,314,527)
Trade Payables	267,268,220	114,580,223
Short term loans & advances	4,771,587	(12,678,518)
Other current assets	(1,769,727)	(12,918,681)
Short term provisions	409,305	27,775
Other current liabilities	(19,295,303)	(2,308,678)
Long Term Provisions	2,050,475	2,306,071
Other long term liabilities	(2,152,718)	13,093,425
Long term loans & advances	(2,218,872)	215,399
Other non current assets	27,783,978	(3,500,212)
<b>Cash Used/Generation from Operation</b>		
Finance Costs	109,505,662	101,886,537
Direct Taxes Paid	(18,110,847)	(17,160,448)
<b>Cash Flow before Exceptional Items</b>	<b>151,491,414</b>	<b>90,805,304</b>
Prior period Adjustments	-	-
<b>Net Cash (Used in)/ from Operating Activities (A)</b>	<b>151,491,414</b>	<b>90,805,304</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(58,445,777)	(55,226,992)
Sale of Fixed Assets	1,685,000	2,640,000
Sale of Investments	-	10,000,000
Dividend Received	570,000	-
Interest Received	2,740,894	2,257,697
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>(53,449,883)</b>	<b>(40,329,295)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Costs	(109,505,662)	(101,886,537)
Increase in share capital (including share premium)	44,800,000	25,422,944
Borrowings/Repayments from Banks & FI's (Net)	(47,550,715)	(55,334,480)
Money received against convertible warrants into Shares	-	11,200,000
Share Application Money refund	(11,200,000)	-
Short term Borrowings	93,645,187	66,833,743
Dividend Paid	(13,598,033)	-
<b>Net Cash (used in) / from Financing Activities (C)</b>	<b>(43,409,243)</b>	<b>(53,764,329)</b>

(Amount in ₹)

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
Net Change in Cash & Cash Equivalents (A+B+C)	54,632,288	(3,288,320)
Cash & Cash Equivalents (Opening Balance)	35,256,870	38,545,190
Cash & Cash Equivalents (Closing Balance)	89,889,158	35,256,870

In terms of our report of even date attached

For **S.SINGHAL & CO.**

Chartered Accountants

Firm Registration No.- 001526C

**(R.K.Gupta)**

Partner

Membership No.- 073846

Dated : 30.05.2013

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director

**(Sunil Kumar Agarwal)**

Whole Time Director

**(Harish Kumar Agarwal)**

Chief Financial Officer

**(Yogendra Dwivedi)**

Company Secretary

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1) Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on the accrual basis of accounting in accordance with the Companies Act, 1956 ("the Act") and the Accounting Principles Generally Accepted in India ("Indian GAAP").

### 2) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statement and notes thereto. Differences between actual and estimates are recognized in the period in which the results are known/materialized.

### 3) Fixed Assets

#### a) Valuation of Fixed Assets

Fixed Assets are stated at cost of acquisition (net of cervat/ vat) inclusive of all incidental expenses related thereto.

#### b) Depreciation

Depreciation on fixed assets is provided on straight-line method at the rate prescribed under Schedule XIV of the Companies Act, 1956 as amended time to time on pro-rata and actual shift working basis, wherever applicable.

#### c) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 4) Investment

Current Investments are valued at lower of cost and market value. Long Term Investments are stated at cost. Provision for diminution in the value of investment is made, if such diminution, in the opinion of the management, is other than of temporary in nature.

### 5) Inventories

- (a) Raw Materials, Stores & Spares, Packing Materials, Fuels, Finished Goods and Stock in process are valued at cost or net realizable value, whichever is less.
- (b) Waste Scrap and by products are valued at net realizable value.

### 6) Sales

Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax/vat, sales return etc.

### 7) Recognition of Income & Expenditure

- i) Revenues/Incomes and Costs/Expenditures are generally accounted for on accrual basis, as they are earned or incurred.
- ii) Interest income is recognized on time proportion basis.
- iii) Revenue from royalty are recognized as and when goods are sold by the franchisee units.
- iv) Discounts and schemes are recognised as and when crystalized.
- v) Insurance claims are recognised on certainty of its realisation.
- vi) Sales of power is recognised on the basis of actual quantity of power sold with reference to the centralised rate.
- vii) Dividend income is recognised when right to receive is established.

### 8) Government Grants

Government grants related to revenues are recognised on systematic basis in Statement of Profit & Loss over the period necessary to match them with related cost which they intend to compensate and recurring nature of grants being ordinary items are shown by way of deduction in related expenses.

### 9) Research & development

Capital expenditure on research & development is treated in the same way as expenditure on fixed assets. Revenue expenditure on research & development is charged to the Statement of Profit & Loss under the respective heads of expenses in the year in which it is incurred.

#### **10) Excise Duty/ Cenvat/VAT**

Excise Duty is accounted for on the basis of both payments made in respect of goods cleared and also provisions made for goods lying in stock. Cenvat/VAT claimed on plant & machinery is reduced from the cost of plant & machinery. Cenvat/VAT claimed on purchase of raw materials, input services and other materials is reduced from the cost of such materials.

#### **11) Employee Retirement Benefit**

- (i) Company's contribution to Provident Fund and Employee State Insurance are charged to Statement of Profit & Loss.
- (ii) Liability on account of gratuity and leave encashment are provided for on the basis of actuarial valuation made at the end of each financial year.

#### **12) Provisions for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the date of balance sheet. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the same will be realized in future.

#### **13) Foreign Currency Transactions**

All transactions in foreign currency are recorded at the rate of exchange prevailing on the date when the relevant transaction take place.

#### **14) Borrowing Cost**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying assets is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit & Loss.

#### **15) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 1. SHARE CAPITAL

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
<b>Authorised</b>		
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs. 10 each	300,000,000	300,000,000
<b>Issued,Subscribed &amp; Paid up</b>		
2,34,00,000 (Previous year 2,06,00,000) Equity Shares of Rs. 10 each fully paid up	234,000,000	206,000,000
<b>TOTAL</b>	<b>234,000,000</b>	<b>206,000,000</b>

#### 1.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
At the beginning of the year	20,600,000	206,000,000	19,011,066	190,110,660
Issued during the year	2,800,000	28,000,000	1,588,934	15,889,340
Buy back during the year	-	-	-	-
Shares outstanding at the end of the year	23,400,000	234,000,000	20,600,000	206,000,000

#### 1.2 Details of Shareholders holding more than 5 % Shares in the Company

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Satish Kumar Agarwal	1281742	5.48%	1281742	6.22%
Mr. Sunil Kumar Agarwal	1295292	5.54%	1295292	6.29%
M/s Kamdhenu Overseas Ltd.	2999873	12.82%	2599873	12.62%
Kamdhenu Paint Industries Limited	1279700	5.47%	879700	4.27%

#### 1.3 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- Per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The repayment of Equity share capital in the event of Liquidation and buy back of Shares are possible subject to prevalent regulations. In the event of Liquidation, normally the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion of shareholding.

1.4 The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash. The Company has neither allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

### 2. RESERVES & SURPLUS

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
<b>a. Capital Reserves</b>		
At the beginning of the year	18,129,056	18,129,056
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Balance at the end of the year	18,129,056	18,129,056
<b>b. Securities Premium Account</b>		
At the beginning of the year	192,370,493	182,836,889
Addition during the year	16,800,000	9,533,604
Balance at the end of the year	209,170,493	192,370,493

Cont...

**c. Statement of Profit & Loss**

At the beginning of the year	370,930,972	344,221,631
Add: Profit for the year	48,084,090	40,307,374
Less: Proposed dividend on Equity Shares	-	11,700,000
Less: Tax on Dividend	-	1,898,033
Balance at the end of the year	419,015,062	370,930,972
<b>TOTAL</b>	<b>646,314,611</b>	<b>581,430,521</b>

**2.1** On 19.04.2012 the Company issued and allotted 28,00,000 of equity shares at a price of Rs. 16/- each to promoters/person acting in concert/companies belonging to the promoters group, pursuant to the exercise of the option by the warrant holders, holding equal number of warrants, upon payment of balance consideration of 75%. Out of the total receipt of Rs. 4,48,00,000 an amount of Rs. 1,68,00,000 being the share premium of Rs. 6/- per shares, has been transferred to Securities Premium Account.

**3. MONEY RECEIVED AGAINST SHARE WARRANT**

	As at 31st March, 2013	As at 31st March, 2012
Application money against Share Warrants	-	11,200,000
<b>TOTAL</b>	<b>-</b>	<b>11,200,000</b>

**4. LONG TERM BORROWINGS**

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current	Current Maturities	Non Current	Current Maturities
<b>Secured</b>				
Term Loans :				
- From Banks	12,270,385	43,494,464	54,281,100	48,020,511
- From Financial institutions	6,995,000	5,540,000	12,535,000	8,890,000
	<b>19,265,385</b>	<b>49,034,464</b>	<b>66,816,100</b>	<b>56,910,511</b>
Amount Disclosed under the head "Other Current Liabilities" (refer note no.-10)	-	49,034,464	-	56,910,511
<b>TOTAL</b>	<b>19,265,385</b>	<b>-</b>	<b>66,816,100</b>	<b>-</b>

**Term Loans comprises of the following**

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current	Current Maturities	Non Current	Current Maturities
<b>From Bank</b>				
# State Bank of Bikaner & Jaipur	10,456,261	42,178,918	53,504,631	46,211,120
* Vehicles Loans from Banks	1,814,124	1,315,546	776,469	1,809,391
<b>Total</b>	<b>12,270,385</b>	<b>43,494,464</b>	<b>54,281,100</b>	<b>48,020,511</b>
<b>From Financial Institutions</b>				
## RIICO Limited	6,995,000	5,540,000	12,535,000	8,890,000
<b>TOTAL</b>	<b>6,995,000</b>	<b>5,540,000</b>	<b>12,535,000</b>	<b>8,890,000</b>

#### 4.1 Terms of Repayment of Term Loan from Bank and Financial institutions are as under:-

(Amount in ₹)

Particulars	Repayment Schedule		
	Rate of interest	2014-15	2015-16
Term Loans from Bank	13% to 13.75%	6,529,169	3,927,092
Term Loan from Financial Institutions	10.50%	5,540,000	1,455,000
Vehicle Loans	9.5% to 14.50%	1,287,496	526,628
<b>TOTAL</b>		<b>13,356,665</b>	<b>5,908,720</b>

#### 4.2 Nature of Security of Term Loan from Bank and Financial institution:

# Term Loans from State Bank of Bikaner & Jaipur are secured by way of:

- Pari passu charge by way of hypothecation of stocks, book debts & Other current assets of the company, present & future.
- Pari passu charge over the immovable assets including equitable mortgage of land & building at Plot No. A-1112 & A-1114, RIA, Bhiwadi, Rajasthan & Plot no. E-538-539A RIA, Chopanki, Rajasthan & Personal guarantee of whole time directors.

## Term Loans from RIICO are secured by way of:

- First pari passu charge over the immovable assets including equitable mortgage of land & building at Plot No. A-1112 & A-1114, RIA, Bhiwadi, Rajasthan and Personal guarantee of whole time directors.

\*Vehicle loans from Banks are secured by hypothecation of respective vehicles.

#### 5. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred Tax liabilities</b>		
On Account of timing as differences between depreciation per Income Tax Act & Companies Act	49,239,521	48,079,490
<b>Deferred Tax Assets</b>		
On Account of Gratuity, Leave Encashment & Other items	3,288,504	2,490,429
<b>TOTAL</b>	<b>45,951,016</b>	<b>45,589,061</b>

#### 6. OTHER LONG TERM LIABILITIES

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Security from Dealers/ C&F Agents	79,503,899	81,656,617
<b>TOTAL</b>	<b>79,503,899</b>	<b>81,656,617</b>

#### 7. LONG TERM PROVISIONS

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Provision for employee Benefits		
- Gratuity (Unfunded)	7,290,604	5,607,387
- Leave Encashment (Unfunded)	2,034,376	1,667,118
<b>TOTAL</b>	<b>9,324,980</b>	<b>7,274,505</b>

#### 8. SHORT TERM BORROWINGS

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
<b>a. Secured Loans</b>		
# Working Capital Loan from State Bank of Bikaner & Jaipur	522,818,526	430,494,645
Allahabad Bank	179,782,529	178,461,243
<b>TOTAL</b>	<b>702,601,055</b>	<b>608,955,888</b>

Cont.

Nature of Security of Short Term Borrowings:-

**#Working Capital Loan from Banks are secured by way of:**

- Pari passu charge by way of hypothecation of stocks, book debts & Other current assets of the company, present & future.
- Pari passu charge over the immovable assets including equitable mortgage of land & building at Plot No.A-1112 & A-1114,RIA, Bhiwadi, Rajasthan & Plot no. E-538-539A RIA, Chopanki,Rajasthan & Personal guarantee of whole time directors.

**9. TRADE PAYABLES**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Trade Payables	742,009,431	474,741,211
<b>TOTAL</b>	<b>742,009,431</b>	<b>474,741,211</b>

**10. OTHER CURRENT LIABILITIES**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
a. Current maturities of long-term debt (refer note no.4)	49,034,464	56,910,511
b. Interest accrued but not due on borrowings	864,214	732,332
c. Advance from customers	56,982,221	66,352,735
d. Unpaid dividend #	411,265	232,742
e. Application money received for allotment of securities and due for refund #	217,175	262,175
f. Other payables		
- Employee related liabilities	21,759,927	19,607,817
- Statutory dues payable	47,654,171	45,878,182
- Others	18,987,970	25,230,216
<b>TOTAL</b>	<b>195,911,406</b>	<b>215,206,709</b>

# There are no outstanding dues to be paid to Investor Education and Protection Fund.

**11. SHORT TERM PROVISIONS**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
<b>a. Provision for employee Benefits</b>		
- Gratuity (Unfunded)	622,584	248,068
- Leave Encashment (Unfunded)	188,065	153,276
<b>b. Others</b>		
- Provision for Wealth Tax	133,680	120,954
- Provision for Income Tax ( Net provision of Advance Tax, TDS & MAT Credit entitlement)	-	415,599
- Proposed Dividend	-	11,700,000
- Tax on Dividend	-	1,898,033
<b>TOTAL</b>	<b>944,329</b>	<b>14,535,930</b>

## 12. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions/ Adjustment during the year	Deduction/ Adjustment during the year	As at 31.03.2013	Up to 01.04.2012	For the year	Adjustment during the year	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>I) Tangible Assets</b>										
Land	27,587,986	-	-	27,587,986	-	-	-	-	27,587,986	27,587,986
Flat	3,000,000	-	-	3,000,000	-	48,900	-	48,900	2,951,100	3,000,000
Building (Factory)	102,907,459	1,228,401	-	104,135,860	14,950,808	3,441,849	-	18,392,657	85,743,203	87,956,651
Building (Adm.)	1,597,168	-	-	1,597,168	387,367	26,034	-	413,401	1,183,767	1,209,801
Plant & Machinery	285,336,918	41,922,595	2,916,920	324,342,593	60,874,758	18,364,880	621,784	78,617,854	245,724,739	224,462,160
Rolling Mill Rolls	3,675,717	3,426,445	3,675,717	3,426,445	1,429,613	3,180,294	3,675,717	934,190	2,492,255	2,246,104
Office Equipments	17,832,031	1,146,012	-	18,978,043	7,317,067	2,211,456	-	9,528,523	9,449,520	10,514,964
Furniture & Fixtures	34,792,124	523,908	-	35,316,032	8,643,488	2,218,682	-	10,862,170	24,453,862	26,148,636
Vehicles	24,449,797	5,020,828	2,593,869	26,876,756	7,261,241	2,318,335	1,226,817	8,352,759	18,523,997	17,188,556
Misc Fixed Assets	26,124,884	2,970,381	-	29,095,265	4,235,238	1,246,810	-	5,482,048	23,613,217	21,889,646
Lab Equipments	4,043,238	93,044	-	4,136,282	911,482	205,489	-	1,116,971	3,019,311	3,131,756
Wind Power Plants	96,809,552	-	-	96,809,552	51,305,666	9,982,757	-	61,288,423	35,521,129	45,503,886
<b>Sub-Total (A)</b>	<b>628,156,874</b>	<b>56,331,614</b>	<b>9,186,506</b>	<b>675,301,982</b>	<b>157,316,728</b>	<b>43,245,486</b>	<b>5,524,318</b>	<b>195,037,896</b>	<b>480,264,086</b>	<b>470,840,146</b>
Previous Year	584,711,003	49,497,394	6,051,523	628,156,874	118,313,847	42,088,317	3,085,436	157,316,728	470,840,147	466,397,156
<b>II) Capital Work in Progress</b>										
a) Capital Work-in-Progress Tinting Machine	955,615	-	955,615	-	-	-	-	-	-	955,615
b) Capital Work-in-Progress Plant & Machinery	11,916,800	9,332,205	6,262,427	14,986,578	-	-	-	-	14,986,578	11,916,800
<b>Sub-Total (B)</b>	<b>12,872,415</b>	<b>9,332,205</b>	<b>7,218,042</b>	<b>14,986,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,986,578</b>	<b>12,872,415</b>
Previous Year	7,142,817	16,657,065	10,927,467	12,872,415	-	-	-	-	12,872,415	7,142,817
<b>Grand Total (A + B)</b>	<b>641,029,289</b>	<b>65,663,819</b>	<b>16,404,548</b>	<b>690,288,560</b>	<b>157,316,728</b>	<b>43,245,486</b>	<b>5,524,318</b>	<b>195,037,896</b>	<b>495,250,664</b>	<b>483,712,561</b>
Previous Year	591,853,820	66,154,459	16,978,990	641,029,289	118,313,847	42,088,317	3,085,436	157,316,728	483,712,562	473,539,973

## 13. NON - CURRENT INVESTMENTS

(Amount in ₹)

Sr. No.	Name of the Body corporate	Category	No. of Shares / Units		Quoted/ Unquoted	Partly Paid/ Fully Paid	Extent of holding (%)		(Amount in Rs.)		Whether Stated at cost	If Answer to Column (12) is 'No.' Basis of Valuation
			2013	2012			2013	2012	2013	2012		
1	2	3	4	5	6	7	8	9	10	11	12	13
(a)	Investment in Government or Trust NSC	Other			Unquoted	Fully paid			10,000	10,000	Yes	
(b)	Other non-current investments											
	M/s Shree Bankey Bihari Ispat (P) Ltd	Other	2,192,605	2,192,605	Unquoted	Fully paid	25.75%	25.75%	10,000,000	10,000,000	Yes	
	M/s Stalex Coating Ltd.	Other	718,220	718,220	Unquoted	Fully paid	48.86%	48.86%	7,182,200	7,182,200	Yes	
	M/s Krish Homes (P) Ltd	Other	7,500	7,500	Unquoted	Fully paid	0.86%	0.86%	600,000	600,000	Yes	
	<b>TOTAL</b>		<b>2,918,325</b>	<b>2,918,325</b>					<b>17,792,200</b>	<b>17,792,200</b>		

**14. LONG TERM LOANS & ADVANCES**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, considered good unless stated otherwise		
- Security Deposit	22,791,645	20,572,773
<b>TOTAL</b>	<b>22,791,645</b>	<b>20,572,773</b>

**15. OTHER NON CURRENT ASSETS**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Income Tax Recoverable	15,948,496	46,276,228
Excise Duty Deposit under protest	13,140,012	11,700,000
Sales Tax Recoverable	18,475,422	17,511,680
Non current bank balance (refer note no. 18)	260,000	120,000
<b>TOTAL</b>	<b>47,823,930</b>	<b>75,607,908</b>

**15.1 GROUPING OF INCOME TAX RECOVERABLE**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
- Income Tax Under Protest	1,534,942	1,534,942
- Advance Income Tax under Appeal	-	1,136,607
- Advance Income Tax & TDS Recoverable	14,413,554	43,604,679
<b>TOTAL</b>	<b>15,948,496</b>	<b>46,276,228</b>

**16. INVENTORIES**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
a. Raw materials & Packing Materials	111,971,340	103,681,180
b. Stock in Process	4,395,588	4,054,341
c. Finished Goods	319,028,697	228,553,507
d. Stores, Spares & Fuel	28,142,572	20,420,101
e. Waste, Scraps & Runner Risers	4,690,299	7,611,037
f. Stock of goods traded in	35,789,735	21,897,094
<b>TOTAL</b>	<b>504,018,230</b>	<b>386,217,260</b>

**17. TRADE RECEIVABLES**

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured considered good unless stated otherwise		
a. Trade Receivables outstanding for a period of more than six month from the date they are due for payment	239,675,495	255,736,007
b. Others	956,772,877	733,697,190
<b>TOTAL</b>	<b>1,196,448,372</b>	<b>989,433,197</b>

## 18. CASH & CASH EQUIVALENTS

(Amount in ₹)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>Cash &amp; cash equivalents</b>				
- Cash on Hand -	-	-	5,335,493	6,263,563
<b>Balances with Banks</b>				
- In Bank Deposit against LC/BG with maturity for more than 3 month but less than 12 month maturity	-	-	19,172,571	12,466,606
- In Bank Deposit against LC/ BG with more than 12 month maturity	260,000	120,000	-	-
- Balances in Short terms Accounts	-	-	64,752,655	16,031,784
- Unpaid dividends	-	-	411,265	232,742
- Application money received for allotment of securities and due for refund	-	-	217,175	262,175
Amount disclosed under the head "other non current assets" ( refer note no.15)	260,000	120,000	-	-
<b>TOTAL</b>	-	-	<b>89,889,158</b>	<b>35,256,870</b>

## 19. SHORT TERM LOANS & ADVANCES

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured considered good unless otherwise stated		
- Advances to Suppliers	260,440,181	265,325,309
- Loan & Advances to employees	2,743,592	1,558,928
- Balance with Statutory authorities	18,630,545	9,082,260
- Prepaid expenses	1,858,931	1,810,871
- Other receivable	2,763,109	13,430,577
<b>TOTAL</b>	<b>286,436,358</b>	<b>291,207,945</b>

## 20. OTHER CURRENT ASSETS

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
a. Interest accrued on Fixed Deposit	181,657	98,676
b. Share Application Money	15,000,000	13,000,000
c. Claims and Other receivable	193,897	507,151
<b>TOTAL</b>	<b>15,375,554</b>	<b>13,605,827</b>

**21. SALES & OPERATING REVENUES**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Sale of Products	5,696,315,065	5,013,384,539
Gross Revenue from Power Generation	10,883,644	9,944,460
Royalty & Others	211,228,489	163,636,078
	<b>5,918,427,198</b>	<b>5,186,965,077</b>
Less : Excise Duty	442,961,391	371,884,881
<b>TOTAL</b>	<b>5,475,465,807</b>	<b>4,815,080,196</b>

**22. OTHER INCOME**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Received	2,740,894	2,257,697
Dividend Received	570,000	-
Insurance Claim received	260,004	347,850
Profit on Sale of Fixed Assets	-	1,541,732
Miscellaneous Income Others	603,958	830,653
Interest on Income tax Refund	4,498,984	2,998,053
<b>TOTAL</b>	<b>8,673,840</b>	<b>7,975,985</b>

**23. COST OF MATERIALS CONSUMED**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>a. Raw Materials</b>		
Opening Stock	85,346,437	84,542,179
Add : Purchases	2,313,860,503	2,351,518,626
Less : Closing Stock	92,828,950	85,346,437
<b>Total (a)</b>	<b>2,306,377,989</b>	<b>2,350,714,369</b>
<b>b. Packing Materials</b>		
Opening Stock	18,334,743	19,151,485
Add : Purchases	166,482,345	157,219,310
Less : Closing Stock	19,142,390	18,334,743
<b>Total (b)</b>	<b>165,674,698</b>	<b>158,036,053</b>
<b>c. Other Consumable</b>		
Opening Stock	9,781,506	10,179,130
Add : Purchases	33,790,718	34,969,997
Less : Closing Stock	14,995,129	9,781,506
<b>Total (c)</b>	<b>28,577,095</b>	<b>35,367,621</b>
<b>Total (a+b+c)</b>	<b>2,500,629,782</b>	<b>2,544,118,043</b>

**24. PURCHASES OF STOCK-IN-TRADE**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchases	1,879,492,139	1,256,844,774
<b>TOTAL</b>	<b>1,879,492,139</b>	<b>1,256,844,774</b>

**25. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Closing Stock:		
Finished Goods	319,028,697	228,553,507
Stock in Process	4,395,588	4,054,341
Stock of traded goods	35,789,735	21,897,094
Waste, Scraps & Runner Risers	4,690,299	7,611,037
<b>Total (a)</b>	<b>363,904,318</b>	<b>262,115,978</b>
Less: Opening Stock:		
Finished Goods	228,553,507	179,259,421
Stock in Process	4,054,341	2,102,933
Stock of traded goods	21,897,094	29,003,343
Waste, Scraps & Runner Risers	7,611,037	5,057,608
<b>Total (b)</b>	<b>262,115,979</b>	<b>215,423,305</b>
<b>TOTAL (a-b)</b>	<b>(101,788,339)</b>	<b>(46,692,673)</b>

**26. EMPLOYEES BENEFIT EXPENSES**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Salary, Wages & Other Benefits	186,525,570	159,887,518
Directors' Remuneration including Perquisites	14,868,000	14,868,000
Contribution to Provident Fund	5,574,615	5,003,831
Contribution to Employee's State Insurance	1,002,277	1,132,964
Bonus	850,092	778,966
Leave Encashment	449,244	448,152
Staff welfare expenses	2,590,966	2,232,220
<b>TOTAL</b>	<b>211,860,764</b>	<b>184,351,651</b>

**27. FINANCE COST**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Expenses	108,140,918	99,759,540
Bank & Other Financial Charges	1,364,744	2,126,997
<b>TOTAL</b>	<b>109,505,662</b>	<b>101,886,537</b>

**28. OTHER EXPENSES**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Audit Fees	450,000	425,000
Advertisement	44,963,638	41,047,210
Bad Debts written off	1,525,395	1,978,732
Commission on Sales	60,291,951	56,098,042
Freight & Forwarding Expenses	151,231,779	133,413,787
Fuel Charges	44,369,422	57,612,763
Increase/ (Decrease) in Excise Duty on Stocks	4,184,969	3,528,934
Insurance Charges	3,413,765	2,997,252
Legal & Professional Charges	7,764,128	8,657,195
Printing & Stationery	5,034,777	6,661,244
Power Charges	178,215,870	144,075,452
Rates, Fee & Taxes	6,231,111	5,896,921
Rent	15,023,411	14,058,590
Repair & Maintenance Building	1,295,493	1,634,280
Repair & Maintenance Machinery	22,590,839	22,664,764
Sales Promotion	169,053,405	131,913,072
Telephone Expenses	5,988,242	6,519,629
Travelling & Conveyance	32,906,676	29,259,238
Vehicle Running & Maintenance	3,959,737	3,261,038
Wealth Tax	135,180	150,954
Miscellaneous Expenses	16,410,346	13,742,168
<b>TOTAL</b>	<b>775,040,133</b>	<b>685,596,265</b>

**28.1 Grouping of Miscellaneous expenses**

(Amount in ₹)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Bank & other charges	3,540,023	1,914,159
Books & Periodicals	24,369	33,478
Donation	268,945	349,845
Loss on Discarded Assets	1,977,188	1,958,477
Miscellaneous Expenses	3,940,942	3,902,337
Office Maintenance Exp.	2,364,190	2,160,583
Postage & Courier Charges	2,211,322	1,547,796
Prior Period Expenses	949,349	662,609
Subscription & Membership Fees	291,991	210,508
Wind Mill Service Charges	842,027	1,002,376
<b>TOTAL</b>	<b>16,410,346</b>	<b>13,742,168</b>

**29. Contingent Liabilities and Commitments (to the extent not provided for)****(Amount in ₹)**

<b>PARTICULARS</b>	<b>Year ended 31st March, 2013</b>	<b>Year ended 31st March, 2012</b>
<b>a. Contingent Liabilities</b>		
(A) Claims against the company not acknowledged as debt		
- Central Excise & Service Tax	42,180,645	28,692,628
- Income Tax	8,921,000	36,095,148
- Sales Tax & Central Sales Tax	37,542,436	38,494,436
(B) Guarantees issued by Bank	1,520,000	2,236,590
	<u>90,164,081</u>	<u>105,518,802</u>
<b>b. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	4,965,585	2,628,328
	<u>4,965,585</u>	<u>2,628,328</u>
<b>TOTAL (a+b)</b>	<b>95,129,666</b>	<b>108,147,130</b>

30. Some of the balances of Trade Receivables, Trade Payables, advances and Security deposits as on 31.03.2013 are subject to confirmation. Trade Receivables, outstanding for more than six months includes Rs. 2,66,78,776 on which legal cases have been initiated for recovery by the company. The management of the company is hopeful of favourable decision on such legal cases, hence no provision for bad and doubtful debts have been considered.
31. In the opinion of the management, current & non current assets, loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
32. The Company has already initiated the process of obtaining copies of memorandum filed with the concerned authority by entities falling under the MSMED Act 2006. The Company has received copies of the said memorandum as on date from few entities and outstanding amount against these memorandums are NIL.
33. The company does not have any fund for gratuity and leave encashment liability and same is accounted for as provision on actuarial basis. The following table summarizes the components of net benefits/expenses recognised in the statement of profit & loss and balance sheet.

**(Amount in ₹)**

	<b>Gratuity (Unfunded)</b>		<b>Leave Encashment (Unfunded)</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
<b>A. Change in present value of obligation</b>				
a) Present value of obligation as at the beginning of the year	5,855,455	4,090,699	1,820,394	1,372,242
b) Acquisition adjustment	-	-	-	-
c) Interest cost	468,436	347,709	145,632	116,641
d) Past service cost	-	-	-	-
e) Current service cost	2,006,076	1,675,305	786,449	688,418
f) Curtailment cost/(Credit)	-	-	-	-
g) Settlement cost/(Credit)	-	-	-	-
h) Benefits paid	(101,630)	-	(47,197)	-
i) Actuarial (gain)/loss on obligation	(315,149)	(258,258)	(482,837)	(356,907)
j) Present value of obligation as at the end of period	7,913,188	5,855,455	2,222,441	1,820,394

<b>B. Actuarial gain / loss recognized</b>				
a) Actuarial gain/(loss) for the period- obligation	315,149	258,258	482,837	356,907
b) Actuarial (gain)/loss for the period - plan assets	-	-	-	-
c) Total (gain)/loss for the period	(315,149)	(258,258)	(482,837)	(356,907)
d) Actuarial (gain) / loss recognized in the period	(315,149)	(258,258)	(482,837)	(356,907)
e) Unrecognized actuarial (gains) losses at the end of period	-	-	-	-
<b>C. The amounts to be recognized in balance sheet</b>				
a) Present value of obligation as at the end of the period	7,913,188	5,855,455	2,222,441	1,820,394
b) Fair value of plan assets as at the end of the period	-	-	-	-
c) Funded status	(7,913,188)	(5,855,455)	(2,222,441)	(1,820,394)
d) Excess of actual over estimated	-	-	-	-
e) Unrecognized actuarial (gains)/ losses	-	-	-	-
f) Net asset/ (liability) recognized in balance sheet	(7,913,188)	(5,855,455)	(2,222,441)	(1,820,394)
<b>D. Expense recognized in the statement of profit and loss</b>				
a) Current service cost	2,006,076	1,675,305	786,449	688,418
b) Past service cost	-	-	-	-
c) Interest cost	468,436	347,709	145,632	116,641
d) Expected return on plan assets	-	-	-	-
e) Curtailment cost / (Credit)	-	-	-	-
f) Settlement cost / (credit)	-	-	-	-
g) Net actuarial (gain)/ loss recognized in the period	(315,149)	(258,258)	(482,837)	(356,907)
h) Expenses recognized in the statement of profit & losses	2,159,363	1,764,756	449,244	448,152
<b>E. Actuarial Assumptions Used</b>				
a) Discounting Rate	8.00%	8.50%	8.00%	8.50%
b) Future Salary Increase	4.00%	5.00%	4.00%	5.00%
c) Actuarial Method Used	PUC Method	PUC Method	PUC Method	PUC Method

(Amount in ₹)

34. Payment to the Auditors	Year ended 31st March, 2013	Year ended 31st March, 2012
Statutory audit fee	400,000	375,000
Taxation matters	50,000	50,000
<b>TOTAL</b>	<b>450,000</b>	<b>425,000</b>

**35. In the case of manufacturing companies -**

(a) Raw materials Consumed

(Amount in ₹)

Particular	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>STEEL</b>		
M.S. Ingot/ Billets	1,186,218,367	1,350,742,541
M.S. Scrap/ Sponge	410,760,923	337,465,595
<b>Sub Total</b>	<b>1,596,979,289</b>	<b>1,688,208,136</b>
<b>PAINTS</b>		
Alkyd	127,981,458	115,571,594
Chemicals	194,850,167	191,788,600
Additive & Drier	100,055,977	88,000,470
Extender	135,965,690	134,236,201
Pigment & Solvent	150,545,408	132,909,368
<b>Sub Total</b>	<b>709,398,700</b>	<b>662,506,233</b>
<b>TOTAL</b>	<b>2,306,377,989</b>	<b>2,350,714,369</b>

**(b) Good purchased****(Amount in ₹)**

Particular	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Steel</b>		
Steel Products	1,703,892,887	1,132,858,952
Other Products	27,920,839	30,802,766
	<u>1,731,813,726</u>	<u>1,163,661,718</u>
Paint Products	147,678,414	93,183,056
<b>TOTAL</b>	<b><u>1,879,492,140</u></b>	<b><u>1,256,844,774</u></b>

**(c) Sales****(Amount in ₹)**

Particular	Sales for the year ended 31st March, 2013	Sales for the year ended 31st March, 2012	Inventory for the year ended 31st March, 2013	Inventory for the year ended 31st March, 2012
<b>Manufactured Goods</b>				
Steel Products	2,102,754,987	2,220,684,114	75,352,942	53,719,813
Paint Products	1,598,530,754	1,437,201,367	248,366,053	182,444,731
<b>Sub-Total</b>	<b><u>3,701,285,741</u></b>	<b><u>3,657,885,481</u></b>	<b><u>323,718,995</u></b>	<b><u>236,164,544</u></b>
<b>Traded Goods</b>				
Steel Products	1,734,462,110	1,154,625,921	-	15,432
Other Products	41,329,263	52,063,529	3,334,068	1,563,074
	<u>1,775,791,373</u>	<u>1,206,689,450</u>	<u>3,334,068</u>	<u>1,578,506</u>
Paint Products	219,237,952	148,809,608	32,455,667	20,318,588
<b>Sub-Total</b>	<b><u>1,995,029,325</u></b>	<b><u>1,355,499,058</u></b>	<b><u>35,789,735</u></b>	<b><u>21,897,094</u></b>
<b>TOTAL</b>	<b><u>5,696,315,065</u></b>	<b><u>5,013,384,539</u></b>	<b><u>359,508,730</u></b>	<b><u>258,061,638</u></b>

**(d) Work in Progress****(Amount in ₹)**

Particular	Year ended 31st March, 2013	Year ended 31st March, 2012
Work inProgress		
Steel Products	2,065,308	1,795,892
Paint Products	2,330,280	2,258,449
<b>TOTAL</b>	<b><u>4,395,588</u></b>	<b><u>4,054,341</u></b>

**36.****(Amount in ₹)**

Particular	Year ended 31st March, 2013	Year ended 31st March, 2012
a. Value of imports calculated on C.I.F basis Capital Goods	35,34,168	NIL
b. Expenditure in foreign currency on:		
-Import of Traded goods	-	-
-Sales Promotion	2,86,656	3,65,642
c. The amount remitted during the year in foreign currencies on account of dividends.	NIL	NIL
d. Earnings in foreign exchange.	NIL	NIL

e. Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption:

Particular	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Percentage	(Amount in ₹)	Percentage	(Amount in ₹)
<b>A. Raw Materials</b>				
(I) Imported	-	-	-	-
(II) Indigenous	100%	2,306,377,989	100%	2,350,714,369
<b>Total</b>		<b>2,306,377,989</b>		<b>2,350,714,369</b>
<b>B. Packing Materials</b>				
(I) Imported	-	-	-	-
(II) Indigenous	100%	165,674,698	100%	158,036,053
<b>Total</b>		<b>165,674,698</b>		<b>158,036,053</b>
<b>C. Stores, Spares and Components</b>				
(I) Imported	-	-	-	-
(II) Indigenous	100%	28,577,095	100%	35,367,621
<b>Total</b>		<b>28,577,095</b>		<b>35,367,621</b>
<b>D. Traded Goods</b>				
(I) Imported	-	-	-	-
(II) Indigenous	100%	1,865,599,499	100%	1,263,951,023
<b>TOTAL</b>		<b>1,865,599,499</b>		<b>1,263,951,023</b>

37. The Company has incurred following expenditure on Research & Development which are included in the respective heads of expenses.

Revenue Expenditure	(Amount in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Employee Cost	2,276,316	1,872,238
Testing & Laboratory Expenses	71,480	159,629
Vehicle Running Maintenance	213,725	149,169
Travelling Expenses	8,918	164,073
Material Consumed	209,877	324,987
<b>TOTAL</b>	<b>2,780,316</b>	<b>2,670,096</b>

38. Basic and diluted earning Per Share [EPS]

Particular	(Amount in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Basic</b>		
Profit after tax as per accounts	48,084,090	40,307,374
Weighted average number of shares outstanding	23,254,247	19,419,153
Basic EPS	2.07	2.08
<b>Dilute</b>		
Profit after tax as per accounts	48,084,090	40,307,374
Weighted average number of shares outstanding	23,254,247	19,419,153
Add: Weighted average number of potential equity shares on account of conversion of warrants	-	179,781
Weighted average number of shares outstanding for diluted EPS	23,254,247	19,598,934
<b>Diluted EPS</b>	<b>2.07</b>	<b>2.06</b>
<b>Face value per share ( In Rs. )</b>	<b>10</b>	<b>10</b>

39. As per Accounting Standard- 17 "Segment Reporting" issued by ICAI, the Company has identified three reportable business segments viz. Steel, Power & Paints and following policies have been adopted for the segment reporting.
- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which could not be allocable to a specific segment are being disclosed separately as un-allocable.
  - Segment Assets and Segment Liabilities represent assets and liabilities in respective segment. Investments, tax related assets, other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "Un-allocable".

(Amount in ₹)

Particular	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>A. Segment Revenue</b>		
- Steels	4,089,774,848	₹ 5,591,009,642
- Power	10,883,644	9,944,460
- Paints	1,817,768,706	1,586,010,975
Gross Turnover	5,918,427,198	5,186,965,077
Less: Excise Duty	442,961,391	371,884,881
<b>Net Turnover</b>	<b>5,475,465,807</b>	<b>4,815,080,196</b>
<b>B. Segment Results</b>		
- Steels	153,841,992	166,145,000
- Power	(122,636)	(1,322,000)
- Paints	114,386,159	88,278,000
Profit before Interest, Tax & unallocable items	268,105,515	253,101,000
Less: Interest	109,505,662	101,887,000
Less: Other Unallocable Expenditure net of Income	92,445,834	96,351,000
<b>Profit before Tax</b>	<b>66,154,020</b>	<b>54,863,000</b>
<b>C. Capital Employed</b> (Segment Assets-Segment Liabilities)		
- Steels	943,725,456	939,804,426
- Power	37,532,069	46,202,538
- Paints	729,796,777	608,483,107
- Unallocable	19,665,114	18,480,047
<b>TOTAL</b>	<b>1,730,719,415</b>	<b>1,612,970,118</b>

40. As per Accounting Standard- 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

#### Description of Relationship

##### Nature of Relationship

##### Name of Related Party

##### Key Management Personnel

Sh. Satish Kumar Agarwal, Chairman & Managing Director  
Sh. Sunil Kumar Agarwal, Whole Time Director  
Sh. Saurabh Agarwal, Whole Time Director  
Sh. Sachin Agarwal, Whole Time Director

##### Relatives of Key Management Personnel

Sh. Pankaj Agarwal Brother of Sh. Satish Kumar Agarwal  
Ms. Ishita Agarwal D/o Sh. Sunil Kumar Agarwal

##### Related Companies

M/s Kamdhenu Overseas Ltd.  
M/s Kamdhenu Nutrients Pvt Ltd.  
M/s Somti Polymers (P) Ltd.

(Amount in ₹)

Nature of Transactions	Remuneration/Perquisites		Others	
	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Remuneration/Perquisites to KMP &amp; Relatives:</b>				
Sh. Satish Kumar Agarwal	4,032,000	4,032,000	-	-
Sh. Sunil Kumar Agarwal	3,780,000	3,780,000	-	-
Sh. Saurabh Agarwal	3,528,000	3,528,000	-	-
Sh. Sachin Agarwal	3,528,000	3,528,000	-	-
Ms. Ishita Agarwal	-	75,500	-	-
<b>TOTAL</b>	<b>14,868,000</b>	<b>14,943,500</b>	-	-

<b>Purchase of Goods:</b>		
M/s Kamdhenu Overseas Ltd.	NIL	(4,074,431)
<b>Sale of Goods:</b>		
M/s Kamdhenu Overseas Ltd.	3,008,530	3,617,879
<b>Trademark Licence to:</b>		
M/s Kamdhenu Nutrients Pvt Ltd	100,000	300,000
M/s Somti Polymers (P) Ltd.	392,829	266,562

41. As per Accounting Standard-28 "Impairment of Assets" issued by ICAI, there are no indication of overall impairment in assets.

42. Previous year figures have been reclassified/rearranged wherever necessary.

Notes "1 to 42" form an integral part of the Balance Sheet and Statement of Profit & Loss and have been duly authenticated as such.

Signature to Notes "1 to 42"

In term of our report of even date attached.

For **S.SINGHAL & CO.**  
Chartered Accountants  
Firm Registration No. - 001526C

For and on behalf of board of directors

(**Satish Kumar Agarwal**)  
Chairman & Managing Director

(**Sunil Kumar Agarwal**)  
Whole Time Director

(**R.K.Gupta**)  
Partner  
Membership No. - 073846

(**Harish Kumar Agarwal**)  
Chief Financial Officer

(**Yogendra Dwivedi**)  
Company Secretary

Dated : 30.05.2013  
Place : New Delhi

## **KAMDHENU ISPAT LIMITED**

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