



PURCHASING LIMITED

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ANNUAL REPORT 2007-08

**BOARD OF DIRECTORS**

Mr. Arvind Pande, *Chairman*      Mr. Ashok Gutgutia, *Vice-Chairman & Managing Director*  
Mr. Kailash Prasad Agarwal, *Executive Director*      Mr. Keshab Chandra Das      Mr. Subrata Mookherjee  
Mr. Prabha Shankar Mishra      Mr. Abdul Kalam      Mrs. Shashi Gutgutia      Mr. Girdhar Lal Harlalka

**SECRETARY**

Mr. Abhijit Dan

**AUDITOR**

M/s N. K. Agarwal & Co

**BANKERS**

State Bank of India      Axis Bank Limited      State Bank of Hyderabad      HDFC Bank Limited  
Canara Bank      Bank of India      Union Bank of India      Indian Bank  
Oriental Bank of Commerce      Indian Overseas Bank

**REGISTERED OFFICE**

'CEMENT HOUSE', Saradapally, Ashok Nagar, P.O. : Asansol, Dist. : Burdwan  
West Bengal, Pin - 713304, Tel No. : (0341) 2250663, 2250859  
Fax No. : (0341) 2250860  
Email : [info@burnpurcement.com](mailto:info@burnpurcement.com)/[investors@burnpurcement.com](mailto:investors@burnpurcement.com)  
Website : [www.burnpurcement.com](http://www.burnpurcement.com)

**CORPORATE OFFICE**

4, Chowringhee Lane, Ratnakar Building, Block - III, 10th Floor, Kolkata - 700016, West Bengal  
Tel No. : (033)22522090/22522117, Fax No. : (033) 22522090

**PLANT**

Village - Palasdiha, Panchgachia Road  
P.O. : Kanyapur, Asansol - 713 341, Dist. : Burdwan, West Bengal  
Tel. No. : (0341) 2250454, 2252965

**PROPOSED PLANT**

Plot No. A-8P, 9, 10, 11, B-38, 39, 40, C-7P, 8, 9, 10, 11 & XP  
Block - D and Block - E, Patraru Industrial Estate, Jharkhand

**REGISTRAR AND SHARE TRANSFER AGENT**

**Niche Technologies Pvt. Ltd.**

D-511, Bagree Market, 71, B. R. B. Road, Kolkata - 700001  
Tel : +91 33 2235 3070/5236/7270/7271, Fax : + 91 33 2215 6823  
Email : [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com), Website : [www.nichetechpl.com](http://www.nichetechpl.com)

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## NOTICE

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held at Asansol Club Limited, Court Compound, Asansol, Dist - Burdwan, West Bengal, Pin - 713304 on **Wednesday, the 27th August 2008, at 2.30 P.M.** to transact the following Business :

### Ordinary Business

1. To consider and adopt the audited accounts of the Company for the year ended 31st March 2008, together with the Report of the Directors and Auditors.
2. To appoint directors in place of Directors retiring by rotation.  
Mr. Subrata Mookherjee, Director, retires by rotation and being eligible, offers himself for re-appointment.  
Mr. Prabha Sankar Mishra, Director, retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.  
The present auditors, M/s. N. K. Agarwal & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

### Special Business

4. To Consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION** :  

**"RESOLVED THAT** pursuant to provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such other approvals as may be necessary, the company hereby approves the appointment of Mr. Kailash Prasad Agarwal as Wholetime Director of the Company designated as "Executive Director" for a period of five years w.e.f. 1st August, 2008 upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting and initialled by the Chairman, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and to vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Kailash Prasad Agarwal."

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps and do all such other acts, deeds and things as may be necessary or desirable to give effect to this resolution."
5. To Consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION** :  

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof,

for the time being in force), the consent of the Company be and is hereby accorded to the revision of salary and other perks of Mr. Ashok Gutgutia, Vice Chairman and Managing Director of the Company w.r.e.f. 1st April, 2008 for the remaining period of his tenure i.e. upto March 31, 2012 as set out in the Memorandum placed in the Explanatory Statement annexed hereto."

**"FURTHER RESOLVED THAT** where in any financial year the Company has no profits or its profits are inadequate, the Company do pay to Mr. Ashok Gutgutia remuneration by way of salary, perquisite and allowances not exceeding the ceiling limit specified under Part II of Section II of Schedule XIII to the Companies Act, 1956."

By Order of the Board  
**For BURNPUR CEMENT LIMITED**  
**Abhijit Dan**  
*Company Secretary*

Place : Kolkata

Date : 26th July, 2008

### Notes :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business Item No. 4 and 5 is annexed herewith.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.**
3. The Proxy form must be deposited at the registered office of the Company not less than **48 hours** before the scheduled hour of commencement of the meeting i.e. by **2.30 P.M. on 25th August, 2008.**
4. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
5. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting, as the copies of the report will not be circulated at the meeting.
6. The Register of Members and Share Transfer Registers of the Company will remain closed from 23rd August, 2008 to 27th August, 2008 (both days inclusive).
8. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. Mr. Subrata Mookherjee, Director, and Mr. Prabha Sankar Mishra, Director of the Company are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board has appointed Mr. Kailash Prasad Agarwal as a Wholetime Director of the company designated as "Executive Director" w.e.f. 1st August, 2008 and revised the salary, perquisites and other allowances of Mr. Ashok Gutgutia, Vice Chairman and Managing Director of the company w.r.e.f. 1st April, 2008. All these changes are subject to approval of the shareholders. As required under the listing agreement, the information/data to be provided for these Directors are given hereinbelow.



Name of the Director	Age	Qualification	Date of Appointment	Experience	Directorships in other Public Limited Companies	No. of equity shares held in the company (BCL) by the director or for other person on beneficial basis
Mr. Subrata Mookherjee	61	M.A.	15.05.2006	He was the Ex-Mayor of Kolkata Municipal Corporation and a former member of the Legislative Assembly of West Bengal.	None	Nil
Mr. Prabha Sankar Mishra	71	M. Sc, Bachelor in Law	05.10.2006	He was a Judge with Patna High Court and Madras High Court and the Chief Justice of Andhra Pradesh High Court and Calcutta High Court. He is currently practising as a senior advocate with the Supreme Court of India.	1. Sahara India commercial Corporations Limited 2. Sahara India Life Insurance Co. Ltd.	Nil
Mr. Kailash Prasad Agarwal	50	B. Com	29.12.2004	He is having vast experience in trading and manufacturing.	None	54,247
Mr. Ashok Gutgutia	46	B.Com, M.B.A	19.06.1986	He is one of the promoters of the company and holding directorship since the inception. He had become Managing Director of the company with effect from April 1, 2002 upto March 31st, 2007. He was further re-appointed as Managing Director of the Company for a period of five years with effect from 1st April, 2007. He was Chairman of the Company till February 16, 2007 and has been re designated as Vice Chairman with effect from February 16, 2007. Mr. Gutgutia has 16 years of experience in the Cement Industry. His long-term strategy-planning along with knowledge of the cement industry contributes to the Company's continued growth and expansion.	None	21,64,050

**Explanatory Statement**

Pursuant to Section 173(2) of the Companies Act, 1956

**ITEM NO. 4**

The Board of Directors of your Company ('the Board') as its meeting held on 26th July, 2008 appointed Mr. Kailash Prasad Agarwal as a Wholetime Director of the company designated as "Executive Director" for a period of five years w.e.f. from 1st August, 2008, i.e. upto 31st July, 2013, on the following remuneration :

**Salary :** Rs. 20,000/- p.m. and such revisions as may be approved by the Board from time to time subject to the limits specified in Schedule XIII of the Companies Act, 1956.

**PERQUISITES AND ALLOWANCES****CATEGORY - A**

**Medical :** Reimbursement of Medical expenses incurred for self and family equal to one month of salary.

**Level Travel Allowance :** Reimbursement of Leave Travel expenses incurred for self and family as per company rules.

**CATEGORY - B**

**Provident Fund :** Contribution to provident fund to the extent not taxable under Income Tax Act, 1961 subject to ceiling of 12% of basic salary.

**CATEGORY - C**

Encashment of leave as per Company Rules.

Overall remuneration package not to exceed limits specified in Schedule XIII of the Companies Act, 1956. The above remuneration has been approved by the remuneration committee of the Board vide their meeting held on 26th July, 2008.

The Board of Directors shall be authorized to revise remuneration from time to time provided that the remuneration package shall be within the limits specified in Schedule XIII of the Companies Act, 1956.

The above may also be construed as Notice under Section 302 of the Companies Act, 1956, to the members of the company.

None of the Directors of your Company, other than Mr. Kailash Prasad Agarwal, is interested in this Resolution.

The Board recommends this Resolution for your approval.

**ITEM NO. 5**

The Board considered that the remuneration *inter alia* the pay scales, perquisites and other allowances being given to the Managing Director were much less than the pay scales and other allowances prevailing in the industry and other Companies of similar nature. In view of the above the Board of Directors in their meeting held on dated 26th July 2008, permitted the revisions of the remuneration of the Managing Director as under w.e.r.f. 01-04-2008, subject to the shareholders approval. The revision in the remuneration shall however be limited to the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956. The above revision in remuneration has been approved by the remuneration committee of the Board vide their meeting held on 26th July, 2008.

**Salary**

Rs. 1,25,000/- (Rupees One Lakhs Twenty Five Thousands only), per month and such revisions as may be approved by the Board from time to time subject to the limits specified in Schedule XIII of the Companies Act, 1956.

**ALLOWANCES****Leave Travel Concession**

First class leave passage by air for self and family every year in India or abroad or one month's basic salary.

**Medical Facilities**

Medical Expenses for Mr. Ashok Gutgutia and his family will be borne by the Company as per actual expenditure.

**PERQUISITES****Company Car**

Provision of one car with driver, fuel, maintenance etc. for use on company's business as and also for personal use.

**Retirement Benefits**

Provident Fund, Superannuation Fund, pension, Gratuity, Encashment of Leave and other benefit schemes like medical/others in accordance with the Company's practice/policy/rules.

**Housing**

Free furnished Company accommodation with residential office maintained with utilities like gas, water, electricity, caretaker, staff etc.

**Commission**

Commission @ 3% on the net profits of the Company in the relevant financial year with such revisions as may be approved by the Board from time to time.

**Other Benefits and Perks**

Hospitalization as per actual for self and family

Personal Accident Insurance as per Company's Rules

Annual Leave with accumulation of leave including medical and casual leave as per Company's Rules.

Others as per Company's Rules

**WORK RELATED PERKS****Residential Telephones**

Telephone, Fax, Internet, Mobile Phones, etc. as per requirement at Company's cost.

**Club Fees**

Fees of clubs subject to a maximum of two clubs.

Membership of professional institutes/bodies at Company's cost.

**Loans and other Perquisites**

As per Company's Rules

The Board of Directors shall be authorized to revise remuneration from time to time provided that the remuneration package shall be within the limits specified in Schedule XIII of the Companies Act, 1956.

The above may also be construed as Notice under Section 302 of the Companies Act, 1956 to the members of the company.

None of the Directors of your Company, other than Mr. Ashok Gutgutia in his personal capacity and Mrs. Shashi Gutgutia being wife of Mr. Ashok Gutgutia, are interested in this Resolution.

The Board recommends this Resolution for your Approval.

By Order of the Board  
For **BURNPUR CEMENT LIMITED**  
**Abhijit Dan**  
Company Secretary

Place : Kolkata  
Date : 26th July, 2008





## REPORT OF THE DIRECTORS

Dear Shareholders,

Your Directors are pleased to present the 22nd Annual Report, together with the audited accounts for the financial year ended 31st March, 2008.

### FINANCIAL RESULTS

(Rs. Million)

Particulars	April 2007- March 2008	April 2006- March 2007
Operating Profit (Profit before non-recurring items, Depreciation, Interest and Tax)	43.320	33.630
Interest	16.354	10.707
Depreciation	6.938	6.199
Profit before Non-recurring items and Tax	20.028	16.724
Tax - Current	5.511	3.684
- Deferred	0.137	1.495
- FBT	0.201	0.126
Profit after Tax	14.179	11.419
Balance of P&L brought forward	31.215	20.214
Earlier Year Adjustment - Sales Tax	(0.014)	(0.002)
- FBT	-	(0.016)
- Income Tax	(0.001)	(0.399)
Balance of P&L carried forward to Balance Sheet	45.379	31.215

### DIVIDEND

Your company is traversing on a high growth curve, aimed at placing itself on a sustainable plan for years to come. This necessitates investing in major expansion project, vital to its long term health. The project will be funded through internal accruals as well as external borrowings. Given the circumstances, your Directors do not deem it fit to recommend any dividend for the year ended 31st March, 2008.

### RESULT OF OPERATION

Your company has achieved the best ever annual result since inception. The year witnessed a fundamental improvement in most significant operating parameters. All key performance measures such as Turnover, Gross Profit, Profit before Interest and Taxes (PBIT) and Profit before Tax (PBT) and Profit after Tax (PAT) registered impressive growth as compared to 2006-07.

Turnover was an all time high at Rs. 314.98 million which is higher than that of last year by 20.41%. Profit after Tax was also the highest recorded at Rs. 14.18 million that is higher than that of last year by 24.17%.

### SHARE CAPITAL AND INITIAL PUBLIC OFFER (IPO)

The Authorized Share Capital of the Company was increased from Rs. 200 million to Rs. 460 million during the year under review. The company came out with its Initial Public Offer (IPO) of 2,19,00,000 equity shares of Rs. 10/- each at premium of Rs. 2/- each during the year under review. The issue has received a huge response from the investors and has been subscribed over fourteen times. The shares of the company were listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited w.e.f. 3rd January, 2008. Now, the shareholders can trade with

the shares of the company, which will give them added benefit of liquidity.

The paid-up share capital was increased from Rs. 111.69 million to Rs. 430.04 million pursuant to allotment made on 1st November, 2007 of Rs. 99.25 million and further allotment made on 26th December, 2007 of Rs. 219.10 million on account of its IPO.

### BACKWARD INTEGRATION PROJECT & CAPACITY EXPANSION

The Company is in the process of implementing a Strategic Backward Integration Project at Jharkhand to manufacture Clinker, the main raw material for Cement having a capacity of 800 TDP. The manufacture of clinker will help the Company to operate its machinery at its full capacity and also to increase the production. It will also help to decrease the cost of production thereby improving the bottom lines. The company is also setting up a cement grinding plant of 800 TDP at that place. Sixty acres of land has already been allotted by the Jharkhand Government and the civil work has already been started. The Company has entered into an agreement for purchase of major Plant & Machinery with Thyssenkrupp Industries India Pvt. Ltd., one of the leading Companies of the world in this field. Our Technical Consultants in this project is Development Consultants Private Limited (DCPL). The company has expended Rs. 2882.80 lakhs for the project as on 30th June, 2008.

### KEY CONCERN AREA

The Company is presently dependent on outside supply of clinker which is the main raw material for the cement manufacturing. After completion of the Backward Integration Process i.e. after coming into existence of the clinkerization plant, the company is optimistic about the significant improvement in financial performance of the company.

**CONSERVATION OF ENERGY**

With regard to Research and Development, Energy Conservation and Foreign Exchange Earnings and Outgo, details are given in Annexure A and form part of this Report.

No employees of the companies is covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 made thereunder

**AUDITORS**

The auditors M/s. N. K. Agarwal & Co., Chartered Accountant retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The retiring auditors have given their consent for re-appointment. The Company has received a certificate under Section 224(1) of the companies Act, 1956, from the Auditors that their appointment, if made, will be in accordance with the limits as specified in Section 224(1) of the Companies Act, 1956.

**AUDITORS' OBSERVATIONS**

Auditors' observations are duly dealt in notes to accounts attached herewith and forms part of the statements of accounts of the company and are self-explanatory in nature.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to inform that the Audited Accounts contained Financial Statement for the financial year ended 31st March, 2008, are in full conformity with the requirement of the Companies Act, 1956. They believe that the Financial Statement reflect fairly, the form and substance of transactions carried out during the year and reasonably present your company's financial condition and results of operations.

Your Directors further confirm that :

- (i) In the presentation of the annual accounts, applicable accounting standards have been followed.
- (ii) The accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of your company as at 31st March, 2008 and of the profit for the financial year ended 31st March, 2008.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your company and for preventing and detecting frauds and other irregularities.
- (iv) The annual accounts of your company have been prepared on a going concern basis.

**STATUTORY DISCLOSURE**

None of the Directors of the Company are disqualified as per the provisions of Section 274(1)(g) of Companies Act, 1956. The Directors have made necessary disclosures as required under the

various provisions of the Act.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report forming part of the Directors Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is discussed in a separate section of this Annual Report.

**CORPORATE GOVERNANCE**

Your Company re-affirms its commitment to the standard of corporate governance. As per Clause 49 of the Listing Agreement with the stock Exchanges, a separate section on Corporate Governance together with a certificate from the Auditors of the company confirming the compliance is set out in the Annexure forming part of this report.

**DIRECTORS**

Mr. Subrata Mookherjee and Mr. Prabha Shankar Mishra will retire by rotation from the board in accordance with Article 134, 135 & 136 of the Article of Association of the Company and are eligible for reappointment.

Mr. Kailash Prasad Agarwal has been appointed as Wholetime Director designated as "Executive Director" of the company on 26th July, 2008, w.e.f. 1st August, 2008. The Board has also made revision to the remunerations to be paid to Mr. Ashok Gutgutia, Vice Chairman and Managing Director of the company w.r.e.f. 1st April, 2008. All such changes are subject to shareholders approval and necessary resolutions have been proposed for your approval.

**ACKNOWLEDGEMENT**

Yours Directors place on record their deep appreciation of the assistance, support and guidance provided by the Central and the State Governments, Financial Institutions, Banks associated with your company.

Yours Directors also place on record their deep appreciation for the continued co-operation and support received from the valued customers, dealers, distributors, market organizers, suppliers, contractors and all who have directly or indirectly contributed in the success of your Company.

Your company's employees are instrumental in your Company scaling new heights, year after year.

Your Directors place on record their deep appreciation of the commitment and contribution of your company's employees.

Your involvement as share holder is greatly valued.

For and on behalf of the Board

**Ashok Gutgutia**

*Vice Chairman & Managing Director*

**Kailash Prasad Agarwal**

*Director*

Place : Kolkata

Date : 26th July, 2008



## Annexure 'A' To The Directors Report

Particulars required under Companies (Disclosure of particulars in the report of Board of Directors)

### FORM A (See Rule 2)

Form for disclosure with respect to Conservation of Energy

#### A. Power and Fuel consumption

##### 1. Electricity

a) Purchase Units (KWH)	5364.88
Total Amount (Rs. Lacs)	288.88
Rate per unit	5384.81

##### b) Own Consumption

I) Through Diesel Generators	
- Net units (Lacs-KWH)	N.A
- Unit per Ltr. of Furnance	N.A
- Oil/Diesel (KWH)	N.A
II) Through Steam	
- Turbine/Generator	N.A

##### 2. Coal (A to D grade used in Dryer)

Quantity (Tonnes)	371.97
Total Cost (Rs. Lacs)	13.12
Average Rate (Rs.)	3527.16

##### 3. Furnance Oil

Quantity (K. Ltrs.)	NIL
Total Cost (Rs. Lacs)	NIL
Average Rate (Rs.)	NIL

##### 4. High Speed Diesel

Quantity (K. Ltrs.)	NIL
Total Cost (Rs. Lacs)	NIL
Average Rate (Rs.)	NIL

##### 5. Other/Internal Generation

Consumption per unit of production (KWH/T of cement) Coa	N.A
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#### B. TECHNOLOGY ABSORPTION

- a) Efforts made in technology absorption as per Form B

### FORM B (See Rule 2)

Form for the disclosure of particulars with respect to technology absorption

#### RESEARCH AND DEVELOPMENT

- Specific areas in which R&D carried out by the company None
- Benefits derived as a result of above R&D N.A
- Future Plan of action**  
The company is envisaged to set up R&D facility in the plant to improve operations controls in order to minimize the cost of production after implementation of expansion.
- Expenditure on R&D**

Capital	Nil
Recurring	Nil
Total R&D expenditure	Nil
As a percentage of Turnover	Nil

#### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The company has not availed new technology during the last five years.

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

- Activities relating to export :  
Initiative are taken to increase exports, development of new services and export plans. The company is continuously exploring avenues to increase exports to neighboring countries.
- Total foreign exchange used Nil

For and on behalf of the Board

**Ashok Gutgutia**

*Vice Chairman & Managing Director*

**Kailash Prasad Agarwal**

*Director*

Place : Kolkata

Date : 26th July, 2008



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and development

Cement is being a vital ingredient for Infrastructure Sector as well as Housing Sector, has its fortune tied up with the national economy. The strong growth in Indian Economy and the impressive GDP growth witnessed by the country has been reflected in all sectors of the economy including the construction sector. The construction industry is witnessing an unprecedented growth in all sectors including infrastructural development, housing, retail, entertainment and special economic zones. This growth of the construction industry is being aptly reflected in the growth of cement demand which has led to not only demand - supply mismatch in favor of supply but also the likely to create almost 100 Million Tones of new cement capacities after almost a decade of subdued market conditions.

The cement demand, in the second year in succession, has registered a double digit growth (10.5% in FY 07) and a much awaited stable price regime. It is worth noting that even at current level, cement price index from 2000-01 has remained below all commodity price index such as steel, timber, bricks etc. despite the steep rise in coal price, rail/road freight which contribute to almost 40% of the delivered cost on which companies have no control.

Burnpur Cement Limited (here in referred to as BCL) is primarily engaged in manufacture and sale of PSC cement. BCL has a 1000 TPD of Installed Capacity at Asansol in West Bengal. Considering robust growth in Cement consumption your company has undertaken a major capacity expansion project in the Hazaribagh district of Jharkhand at patratu Industrial Estate. The project will take place in two phases. The first phase is for production of clinker with an installed capacity of 800 TPD and a cement grinding unit of 800 TPD and second phase is for the production of clinker with an installed capacity of 800 TPD and a cement grinding unit of 800 TPD with a captive power plant. Once, the new plants comes into operations, BCL will produce all the three varieties of cement. i.e. PSC, PPC and OPC.

### OPPORTUNITIES AND THREATS

#### Opportunities

Cement Consumption in India has been growing at a compound annual growth rate of around 8% during the last five years. The market for cement industry is seemed to be very promising and selling prices are firming up. Government's impetus on infrastructure development, strong demand from housing segment and thrust on capacity expansion by companies across industries is driving the growth in cement consumption.

#### Threats

Two critical components for the cement production are Limestone as raw material and coal as fuel. The high level of international crude prices and their impact on the domestic price of petroleum products and sharp increases in the delivered prices of coal are likely to affect the cost of production and thus reduce the profitability of BCL.

### Company Outlook

Both Limestone deposits and coal are available within a radius of 10-15 kms from the proposed project site of the company which will provide insulation to the company. The company is poised to seize every opportunity to enter the existing line of business or new related line of business. The company is well equipped to handle threats of competition and challenges which might emanate from Cement Industry or the Company's ongoing execution of project.

### Risk & Concern

#### a) Cement Industry is highly energy intensive

The Company is in the process of enlarging its Cement capacities in different locations across the country with an endeavor to have captive power units at each such location to make its cement price competitive.

#### b) Cyclical and political condition affecting business

The Cement Industry is cyclical in nature and consumption level of cement is also dependent on the stable Government in the Centre and State.

### PERFORMANCE OF THE COMPANY

The highlights of performance of the Company for the year 2007-2008.

- 1) Turnover at Rs. 314.98 million (up by 20.41%)
- 2) EBDIT at Rs. 44.27 million (up by 29.79%)
- 3) Profit after Tax at Rs. 14.18 million (up by 24.16%)
- 4) Net Block including Capital Work-in-Progress increased from Rs.159.86 million in FY-05 and Rs. 164.11 million in FY-06 and Rs. 219.75 million in FY-07 and Rs. 395.71 million in FY-08.
- 5) Annual Production 15,31,809 Bags (Up by 23.86%)

### INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The company has established suitable internal control systems, which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The Internal Audit Department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Report on the internal control is reviewed by the senior management and are also placed before the audit committee of the Directors. The statutory auditors also review their finding with the senior management and audit committee.

### HUMAN RESOURCES & INDUSTRIAL RELATIONS

The company has a team of able and experienced professionals. The company believes that it will manage to achieve substantial