



BURNPUR CEMENT LIMITED

ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

Mr. Prem Prakash Sharma, *Chairman*, Mr. Ashok Gutgutia, *Vice-Chairman & Managing Director*  
Mr. Kailash Prasad Agarwal, *Executive Director*  
Mr. Keshab Chandra Das      Mr. Subrata Mookerjee  
Mr. Manoj Kumar Agarwal      Mr. Abdul Kalam      Mrs. Shashi Gutgutia  
Mr. Girdhar Lal Harlalka      Mr. Anjan Kumar Ghoshdastidar

SECRETARY

Mr. Sudhansu Sekhar Panigrahi

AUDITOR

M/s N. K. Agarwal & Co.

BANKERS

State Bank of India  
HDFC Bank Limited  
Union Bank of India

Axis Bank Ltd.  
Canara Bank  
Indian Bank  
Indian Overseas Bank

State Bank of Hyderabad  
Bank of India  
Oriental Bank of Commerce

REGISTERED OFFICE

'CEMENT HOUSE', Saradapally, Ashok Nagar, P.O. Asansol, Dist. Burdwan, West Bengal, Pin- 713304  
Tel No. (0341) 2250-859 / 61 / 62, 2250-665, Fax No. (0341) 2250860  
Email: info@burnpurcement.com, investors@burnpurcement.com, Website: www.burnpurcement.com

CORPORATE OFFICE

14, Bentinck Street, "Gujarat Mansion", 2nd Floor, Kolkata - 700 001  
Tel No. (033) 22623168, 22623167, 30250826, 30250827, Fax : 033-30250828

PLANT

Village: Palasdiha, Panchgachia Road  
P.O. Kanyapur, Asansol-713 341, Dist. Burdwan, West Bengal, Tel No. (0341) 2250-454, 2252-965

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, Patratu Industrial Area, Jharkhand

REGISTRAR AND SHARE TRANSFER AGENT

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market, 71, B. R. B. Road, Kolkata-700001  
Tel No. +91 332235-7270 / 7271, 2235-5236, Fax No. + 9133 2215-6823  
Email: nichetechpl@nichetechpl.com, Website: www.nichetechpl.com

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## NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held at 3.30 P.M. on Wednesday, the 29th day of September 2010, at Asansol Club Limited, Court Compound, P.O.-Asansol Dist-Burdwan, West Bengal, Pin-713304 to transact the following Business.

### Ordinary Business :

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2010, together with the Report of the Directors and Auditors.
2. To appoint a director in place of Mr. Abdul Kalam, who retires by rotation and being eligible, offers himself for re-appointment.
3. Mrs. Shashi Gutgutia, who retires by rotation and though being eligible for re-appointment has requested to be relieved from directorship of the company.
4. To appoint Statutory Auditors and to fix their remuneration.  
The present Statutory 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:

1. To Consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION :  
"RESOLVED THAT Mr. Manoj Kumar Agarwal, who was appointed as an additional director by the Board and who holds such office upto the date of this Annual General Meeting and in respect of whom a notice u/s 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Manoj Kumar Agarwal as a candidate for the office of the director, be and is here by elected and appointed as Director of the company, liable to retire by rotation".
2. To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:  
"RESOLVED THAT pursuant to Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from present Rs. 46,00,00,000/- (Rupees Forty Six Crores) divided into 4,60,00,000 shares of Rs. 10/- each to Rs. 70,00,00,000/- (Rupees Seventy Crores) divided into 7,00,00,000 shares of Rs. 10/- each and consequently, Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the following new Clause V :  
V. The Authorised Share capital of the company is Rs.70,00,00,000 (Rupees Seventy Crores only) divided into 7,00,00,000 (Seven Crores) equity shares of Rs.10/-(Rupees Ten) each with power to increase or reduce, consolidate or sub-divide the capital for the time being into several classes and to attach thereto respectively such preferential or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and with power to issue Redeemable Preference Shares."

### Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the items of Special Business to be transacted at the meeting is annexed herewith.
  2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.*
  3. The instrument appointing Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting i.e. by 3:30 P. M. on 27th September, 2010.
  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 September, 2010 to 29th September, 2010 (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 send 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. Pursuant to provisions of Section 109A of the Companies Act, 1956, Shareholders are requested to file nomination forms (Form 2B) in respect of their shareholding to the Registrar and Share Transfer Agent or directly to the company
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11. Mrs. Shashi Gutgutia, director of the company is retiring by rotation at the ensuing Annual General Meeting and though being eligible for re-appointment has requested to be relieved from directorship of the company. Mr. Abdul Kalam, director of the company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Mr. Manoj Kumar Agarwal being an additional director will hold office upto the date of Annual General Meeting. However he has been recommended to be appointed as a director liable to retire by rotation on receipt of notice from a member u/s 257 of the Companies Act, 1956. The changes are subject to approval of the shareholders. As required under the listing agreement, the information/ data to be provided for the directors are given below

Name of The Director	Date of Birth	Date of Original Appointment	Experience in specific functional areas	Qualification	Directorship in other public companies	Membership of Board Committees in other public companies	Other Information	Remarks
Mr. Abdul Kalam	09.01.1945	16.02.2007	He has retired as Director (Technical) from Coal India Ltd. He has also served as CMD of ECL and BCCL. Mr. Kalam possesses vast experience and deep knowledge in the field of mining technology. A proud recipient of National Award presented by the President of India. Mr. Kalam is widely known for his published articles and technical papers.	Bachelor of Science (Mining Engineering)	M/s Mahanadi Coal Fields Ltd. (A subsidiary of Coal India Ltd.) & NMDC Ltd.	No	Non-Executive, Non Independent Director Share Held: Nil	Retires by rotation at the forthcoming Annual General Meeting and offers him self for reappointment.
Mr. Manoj Kumar Agarwal	03.10.1973	30.07.2010	Mr. Manoj Kumar Agarwal is a dynamic business personality. He has vast experience in the field of manufacturing and exportation of flexible intermediate bulk containers. He is a member of Indian plastic Federation, All India Flat Tape Manufacturers Association, The Plastic Export Promotion Council, Export Promotion Council for EOUs & SEZ Units	B. Com	None	N.A.	Promoter Director	Holds upto the date of forth coming Annual General Meeting as an additional director and to be appointed as a director liable to retire by rotation at the said meeting.



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## EXPLANATORY STATEMENT

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

### Item No. 1

Mr. Manoj Kumar Agarwal was appointed as an additional director of the Company by the Board of Directors at their meeting held on 30th July, 2010 u/s 260 of the Companies Act, 1956 read with Article of Association of the Company and he would hold office upto the date of this Annual General Meeting . The Company has received a notice from a member signifying his intention to propose the appointment of Mr. Manoj Kumar Agarwal as Director of the Company liable to retire by rotation at the ensuing Annual General Meeting. The said notice is accompanied by a deposit of Rs. 500/- as required by law.

As required under the listing agreement the information to be provided for Mr. Manoj Kumar Agarwal has been given in the notes to the Notice. Your directors recommend appointment of Mr. Manoj Agarwal as director of the Company liable to retire by rotation.

None of the directors in any way concerned or interested in this resolution except Mr. Manoj Kumar Agarwal.

### Item No. 2

The Company proposes to expand its activity and hence it is desirable to increase the Authorised Capital, in order to enable the Company to raise Capital whenever the need arises. The present Authorised Share Capital of your Company is Rs. 46.00 Crores only which your Board feels inadequate to commensurate with the proposed activities of your Company. It is, therefore, proposed to increase the Authorised Share Capital of the Company to Rs. 70.00 Crores to enable the Board of Directors to issue further shares as and when deemed necessary to meet the Company's financial requirements/ commitments.

Your Directors recommends the resolution for your approval.

None of the Directors of your Company is in any way concerned or interested in the proposed Resolution.

By Order of the Board  
For Burnpur Cement Limited

Date : 30th July, 2010  
Place : Kolkata

Sudhansu Sekhar Panigrahi  
Company Secretary

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors presents the 24th Annual Report of the Company, together with the Audited Accounts for the financial year ended 31st March, 2010.

### FINANCIAL RESULTS

As a result of the consistently strong growth in demand for cement, the company's operating result improved as compared to 2008-09, despite the fact that availability of clinker was a major limiting factor during the year. The financial results for the year ended 31st March, 2010 are summarized below:

Particulars	2009-2010	2008-2009
Sales	3011.04	2167.15
EBDIT	292.48	205.68
Interest	147.95	164.61
Depreciation	73.43	72.60
Profit before Tax	71.09	(31.53)
Income Tax		
-Current Tax	13.75	--
-Deferred Tax	(9.04)	(13.25)
-Fringe Benefit Tax	--	2.08
Profit after Tax	66.39	(20.36)
Balance brought forward from last year	415.64	453.79
Earlier Year Adjustment	(1.46)	(17.78)
Balance carried forward to Balance Sheet	480.57	415.65

### DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2010.

### RESULT OF OPERATION

Company has endeavored to maintain its market position despite significant internal constraints in terms of clinker availability by purchasing clinker from outsider as well as maximizing the profitability ratio without compromising product quality. The company has produced 14,98,376 bags (weight: 50 Kg. each) of cements during the year under report.

Cement is a seasonal product. First there was the global downturn but when there were sign of recovery a poor monsoon is threatening to down the real estate and infrastructure sector, thus hampering cement sales. Buoyant demand from the infrastructure space and individual home builders in rural and semi-urban regions of the country has made the cement industry hit double-digit growth in 2009-10, after a gap of three years. The road ahead for cement industry in the new fiscal may not be as smooth as it was in 2009-10, with rising manufacturing cost and supply exceeding demand. The fall-out, which is likely to be felt more acutely once the peak period of cement consumption ends with the onset of the monsoon, is squeezed margins given the cut-throat competition. Prices of cement are softening in some markets as anticipated because of increasing supply. As production from recently added capacities utilisation increases they could decline further. There has been a slowdown in demand for cement in the northern and eastern region. The cost of manufacturing cement has escalated by Rs 20 for a 50 kg bag with the rise in input and freight costs in recent times. The profitability of most producers would thus come down further in 2010 from the high seen in mid-2009 as coal and freight costs

have risen. The year saw consistently robust demand through the year which helped cement makers raise the prices too. Currently, the average national price of a 50 kg bag of cement is in the range of Rs 245-250.

Despite facing many obstacles the Company has increased its turnover to 30.11 crores. The company's profit after tax is 66.39 lacs after adjustment of previous years loss during the year under report.

### PROJECT AT PATRATU

The Project at Patratu is now under work in progress. However the project has been completed to the some extent but the completion of the project has been delayed due to the following reasons. First: Delay in Registration of Land. The Company applied for lease hold land to the appropriate authority at Ranchi Industrial Area Development Authority (RIADA), Government of Jharkhand and the said authority allotted the land in favour of the Company on 24.06.2006 and the possession of the land was given to the Company on 06.07.2006. However the Company couldn't get the land registered in its favour before 30.03.2009 due to administrative delay. Second : Non allotment of mining lease. To meet the requirement of limestone, the Company has entered in to a joint venture agreement with M/s Pandya Minerals however due to the construction of railway line, that particular area has been come under safe zone as declared by the Govt. of Jharkhand and as per the mining rule blasting cannot be allowed in any safe zone, so joint venture agreement with M/s Pandya Minerals could not serve our purpose for requirement of limestone however the company is exploring alternative method of mining in this area so that production can be done without blasting. The Company has also signed a Memorandum of



Understanding with the Govt. of Jharkhand. And on the basis of MOU, the Company has already made an application to the Govt. of Jharkhand, District Mining Office, Hazaribag for allotment of mining lease in favour of the Company. The Govt. of Jharkhand has not yet allotted any mining lease in favour of the Company. We are trying our best to get mining lease allotted in our favour and to complete the project as early as possible. Third : Back out of Bank of India from Consortium finance.

At last The Directors of the company are trying hard to persuade the State Govt. Authority to get the lime stone mines on lease as early as possible and after the allocation of mines to the company the project will start without any further delay.

#### PARTICULARS UNDER SECTION 217

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

With regard to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, details are given in Annexure A.

#### PARTICULARS OF EMPLOYEES

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 there under.

#### AUDITORS & AUDITOR'S REPORT

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.

The Notes on Accounts referred to in the Auditor's Report are self explanatory and, therefore, do not call for any further comments.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief and according to the information and explanation obtained by them, state that:

- i) In the preparation of the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;
- 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, 2010 and of the profit for the financial year ended 31st March, 2010.
- 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.

#### OUR VISION

To be a company that fulfills the expectation of its investors, customers and society.

#### 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 annexed to 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

Mrs. Shashi Gutgutia will retire by rotation and though being eligible for re-appointment has requested to be relieved from Directorship. Mr. Abdul Kalam retire from office by rotation and being eligible offers himself for reappointment.

Mr. Manoj Kumar Agarwal was appointed as an additional director with effect from 30th July, 2010 to hold office till the conclusion of ensuing Annual General Meeting. Notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing Mr. Manoj Kumar Agarwal for appointment as director of your company.

The Board recommends the above appointments Resolutions seeking your approval on these items are included in the notice convening the Annual General Meeting together with brief resume of the directors being appointed/reappointed.

Mr. Prabha Shankar Mishra has been resigned from directorship of the company due to his personal reason.

#### APPRECIATION

Your Directors would like to record its appreciation for the cooperation and support received from its employees, Government Agencies, Central Government & State Government, Dealers and Distributors, Market organizers, suppliers, Contractors, Banks, Share Holders and all who have directly or indirectly contributed in success of your Company.

*For and on behalf of the Board*

Date : 30th July, 2010

Place : Kolkata

ASHOK GUTGUTIA  
Vice Chairman and Managing Director  
KAILASH PRASAD AGARWAL  
Executive Director

ANNEXURE – A TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH, 2010

Particulars Under Section 217(1)(e) of The Companies Act, 1956

A. CONSERVATION OF ENERGY

- a. Energy conservation measures taken  
Installed Compact Fluorescent Lamp (CFL) at Plant and Registered office.
- b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy : N.A.
- c. Impact of the measures at A) and B) above for reduction of energy consumption and consequent impact on the cost of production of goods :  
Due to various conservative measures there was saving in power consumption.
- d. Total energy consumption and Energy consumption per unit of Production:  
Please refer Form A attached.

B. TECHNOLOGY ABSORPTION

Please refer Form B attached.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to export: - Initiative are being taken to start exports to neighboring countries.
- b) Foreign exchange Earning Nil  
Foreign exchange outgo Nil

FORM A

Form as per Section 217(1)(e) 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 ended 31<sup>st</sup> March, 2010.

A. POWER AND FUEL CONSUMPTION

	Current Year (2009-10)	Previous Year (2008-09)
1. Electricity		
a. Purchase		
Units (KWH)	5394660	4391776
Total Amount (Rs. Lacs)	290.84	214.87
Rate per unit	5.39	4.89
b. Own Generation		
i) Through Diesel Generators		
Unit	N.A	N.A
Unit per Ltr. of Diesel Oil	N.A	N.A
Cost per Unit	N.A	N.A
i) Through Steam turbine /generator		
Unit	N.A	N.A
Unit per Ltr. of Fuel Oil/Gas	N.A	N.A
Cost per Unit	N.A	N.A
2. Coal (A to D grade used in Dryer)		
Quantity (Tonnes)	451.58	239.79
Total Amount (Rs. Lacs)	24.97	11.88
Average Rate (Rs.)	5529.47	4954.33
3. Furnace Oil		
Quantity (K. Ltrs)	NIL	NIL
Total Amount (Rs. Lacs)	NIL	NIL
Average Rate (Rs.)	NIL	NIL
4. Other / Internal Generation		
Quantity	NIL	NIL
Total Amount	NIL	NIL
Rate per Unit	NIL	NIL

B. Consumption per Ton of Cement Production

	Standards (if any)	Current Year (2009-10)	Previous Year (2008-09)
Electricity	N. A.	72.00	74.12
Furnace Oil	N. A.	N.A.	N.A.
Coal (A to D grade used in dryer)	N. A.	0.006	0.004
Others (specify)	N. A.	N.A.	N.A.

FORM B

Form for the disclosure of particulars with respect to technology absorption.

RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D carried out by the company None
2. Benefits derived as a result of above R&D N.A
3. 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.
4. Expenditure on R&D  
Capital Nil  
Recurring Nil  
Total R&D expenditure Nil  
As a percentage of Turnover Nil

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

N.A.

Date : 30th July, 2010  
Place : Kolkata

For and on behalf of the Board  
ASHOK GUTGUTIA  
Vice Chairman cum Managing Director  
KAILASH PRASAD AGARWAL  
Executive Director





## MANAGEMENT DISCUSSION & ANALYSIS

### Industry Structure & Developments :

After the marked slowdown in economic growth and the prevailing financial crises during 2008 and 2009, the global economy is now indicating some sign of recovery. The Indian economy despite witnessing challenging times fared much better than most of the global economies. Cement demand grew @12% during H1FY10. Rating agency Fitch had, in a recent report, said that the country is adding about 50 million tone cement capacity in 2010 taking the total to around 300 MT resulting in shrinking of capacity utilisation of the industry further down to 75 per cent from around 87 per cent in 2009. According to Cement Manufacturers' Association, cement sales were up by 12 per cent during April-February period of the 2009-10 fiscal at 143.67 MT as against 127.79 MT in the corresponding period in 2008-09. However, on the back of strong demand from the rural & semi Urban region for housing projects coupled with increased demand of Cement for infra structure projects the dispatches and prices has improved considerably during the last quarter of the financial year 2008-09 and the 1st quarter of the financial year 2009-10. The industry experts and market player's are optimistic that this trend will continue for sometime. The cement industry is expected to grow steadily in 2010-11 and increase capacity by another 50 million tons in spite of the recession and decrease in demand from the housing sector. The industry experts project the sector to grow by 9 to 10% for the current financial year provided India's GDP grows at 8%. The housing sector accounts for 50% of the demand for cement and this trend is expected to continue in the near future

### Opportunities & Threats :

The demand for Cement is likely to increase in near future due to Govt.'s thrust on the development of the infrastructure projects. Until the Company completes commissioning of its Patratu Plant it is dependent on other Company for supply of Clinker. This is an area of concern for the Company specially during the peak season when demand is high.

### Future Outlook :

The Company would continue to explore options of enhancing capacity through expansion of its existing units and/or through acquisitions as and when favorable opportunities arise. The Company's strategy of further improving the process efficiencies by modifying, upgrading and retrofitting the existing facilities will continue. Although the industry may face surplus production due to new capacity addition, as a result of Govt. initiative in the form of stimulus packages and other measures for infrastructure development, the surplus of Cement may be reduced to great extent.

Also the Company is operating from Eastern zone, which is earmarked as Cement deficit zone in comparison to the other parts of the Country. Therefore the company has decided to modernize the plant at Asansol to increase the capacity utilization.

### Risk & Concern :

The increasing cost of input and fuel may affect the margins, since the increasing competition will not allow the Company to completely passing on of the increasing cost burden on the end users.

Global economic meltdown and consequence effects may put pressure on the demand for Cement and addition of new capacity

in pipeline may also affect the Prices of the Product. Direct entry of national players who are previously not operating from the eastern region may also offset the deficiency of Cement in this Zone.

### Performance of the Company :

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
1. Total Income	3148.29	2283.32
2. Total expenditure	2855.80	2077.64
3. Operating Profit	292.48	205.68
4. Interest	147.95	164.61
5. Profit after Interest but before depreciation and Tax	144.53	41.07
6. Depreciation	73.43	72.60
7. Profit before tax	71.09	(31.53)
8. Profit after tax	66.39	(20.36)
Annual Production		
No. of Bags (Weight 50 kgs. each)	1498376	1184985

### Internal control system and its Adequacy:

Your company has proper and adequate system of internal control commensurate with its size and nature of business. The internal Audit is conducted periodically and its reports, the progress in implementation of recommendations contained in such reports and the adequacy of internal control system has been reviewed by the Audit Committee in its meeting.

### Enhancing Shareholders Value :

The creation of share holders value is one of the prime objectives of the management. Towards this end all efforts are made to enhance the value through measures of cost control improving company's position in strategic markets and strengthening its brand equity to improve the return to share holders.

### Corporate Social Responsibility :

Corporate Social Responsibility occupies an important position in the Company's activities. As the Plant and Registered office of the Company is located at Asansol-Burdwan, the people of the area look towards the Company for social support. Your company continues to discharge its social responsibilities along with achievement of its own goal and objectives.

### Industrial Relation :

Your company believes that nurturing and development of human capital is of key importance for its operations. HR policies and procedures of your company are geared up towards achieving this objective. Hiring the best people, retaining them and ensuring their development is a major challenge for the industry in today's competitive environment. Your Company has laid down process for attracting, retaining and rewarding talent. The appraisal system is transparent and fair and carried on with an objective to identify and reward the performer.

As on date of this report the Company has 111 employees on its pay role.

### Cautionary statement

Statement in MDAS describing the company's objective, estimates, projections, expectation or prediction may be forward looking statement within the meaning of applicable laws and regulations. Actual results, performance or achievement could differ materially from those expressed or implied in such forward looking statements.

REPORT ON CORPORATE GOVERNANCE:

1. COMPANY'S PHILOSOPHY

The company is committed to the principles of good corporate governance that is an integral part of good values, ethics and best business practices.

The Company believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirement but by also being responsive to our stakeholders needs.

The company philosophy on Corporate Governance is to achieve highest level of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the government.

2. BOARD OF DIRECTORS

(A) Composition of Board

The present strength of the Board of Directors is ten, out of which five is independent director. The composition of the Board of Directors is in conformity with the Corporate Governance code. None of the Director is a member of more than ten committees and Chairman of more than five committees, across all the companies in which he/she is a Director. The board functions as a full Board and through committees. The Board of Directors and committee meet at regular intervals. Mr. Ashok Gutgutia, Vice Chairman and Managing Director, Mrs. Shashi Gutgutia, Director and Mr. Manoj Kumar Agarwal, Director are related to each other. Every directors of the company are over twenty one years of age. The composition and category of the Directors on Board is as follows:

Name	Designation	Category of Directorship	
		Executive/ Non-Executive Director	Independent/ Non-independent/ Promoter Director
Mr. Prem Prakash Sharma	-Chairman	Non-Executive	Independent
Mr. Ashok Gutgutia	Vice Chairman and Managing Director	Executive	Promoter
Mrs. Shashi Gutgutia	Director	Non-Executive	Promoter
Mr. Kailash Prasad Agarwal	Executive Director	Executive	Non-Independent
Mr. Subrata Mookerjee	Director	Non-Executive	Independent
Mr. Girdhar Lal Harlalka	Director	Non-Executive	Independent
Mr. Keshab Chandra Das	Director	Non-Executive	Non-Independent
Mr. Abdul Kalam	Director	Non-Executive	Independent
Mr. Anjan Kumar Ghoshdastidar #	Director	Non-Executive	Professional
Mr. Manoj Kumar Agarwal #	Director	Non-Executive	Promoter
Mr. Prabha Shankar Mishra*	Director	Non-Executive	Independent

# Appointed as Additional director of the company on 01.05.2010.

# Appointed as Additional director of the company on 30.07.2010.

\* Ceased to be director due to resignation w.e.f. 01.05.2010.

Number of Board Meetings and Attendance Record of Directors

The Board meets at least once in a quarter to consider amongst other business the performance and financial results of the company. The particulars of Board Meetings held during the year 2009-10 are given below:

Number of Board Meetings held during 2009-10 : 6			
Sl.No.	Date of Board Meeting	Sl.No.	Date of Board Meeting
1	25.04.2009	5	31.10.2009
2	13.05.2009	6	30.01.2010
3	26.06.2009		
4	31.07.2009		