

**BOARD OF DIRECTORS**

Mr. Prem Prakash Sharma, *Chairman*, Mr. Ashok Gutgutia, *Vice-Chairman & Managing Director*  
Mr. Subrata Mookerjee Mr. Manoj Kumar Agarwal  
Mr. Jagdish Chander Bhutani Mr. Prem Prakash Agarwal  
Mrs. Rachana Agarwal

**AUDITOR**

M/s. N. K. Agarwal & Co.

**SECRETARY**

Mr. Sudhansu Sekhar Panigrahi

**CFO**

Mr. Sajjan Kumar Agarwal

**BANKERS**

State Bank of India  
United Bank of India

State Bank of Hyderabad  
Central Bank of India

**CORPORATE OFFICE**

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

**REGISTERED OFFICE**

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

**PLANT - I**

Village:Palasdiha, Panchgachia Road,  
P.O. Kanyapur, Asansol-713 341,  
Dist. Burdwan, West Bengal

**PLANT - II**

Plot No. A-8P, 9,10,11, B-38. 39,40, C-7P, 8,9,10, 11&XP  
Block-D and Block-E, Palralu Industrial Area, Jharkhand  
E-mail : [info@burnpurcement.com](mailto:info@burnpurcement.com), [investors@burnpurcement.com](mailto:investors@burnpurcement.com)  
Ewbsite : [www.burnpurcement.com](http://www.burnpurcement.com)

**REGISTAR AND SHARE TRANSFER AGENT**

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market, 71, B. R. B. B. Road, Kolkata-700 001  
Tel. No. : +91 33 22357270/7271, 22355236, Fax No. : +91 33 22156823  
E-mail : [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com), Website : [www.nichetechpl.com](http://www.nichetechpl.com)

## DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report of the Company, together with the Audited statement of Accounts for the financial year ended 31<sup>st</sup> March 2015.

### **Financial Highlight (Stand Alone)**

During the year under review, performance of your company as under :

(Rs. In Lakhs)

Particulars	2014-15	2013-14
Sales (Net)	8231.54	9335.57
EBDIT	780.83	900.79
Interest	454.20	397.08
Depreciation	154.16	125.31
Profit before Tax	172.47	378.40
Income Tax		
-Current Tax	55.60	88.28
-Deferred Tax	-0.12	19.63
Profit after Tax	116.99	270.49
Balance brought forward from last year	1218.44	947.95
Earlier Year Adjustment	-----	-----
Balance carried forward to Balance Sheet	1335.43	1218.44

### **State of Company's Affairs**

During the year the sales has been decreased 11.19% compared to previous years sale and profit after tax has been decreased 56.75% compared to previous year. Out of total sales trading sale is Rs. 38.79 crore balance sale is cement.

### **Patratu Project**

The 1<sup>st</sup> phase of production (i.e. grinding unit) has started in May, 2015 which was inaugurated by Chief Minister of Jharkhand on 13<sup>th</sup> July, 2015. The 2<sup>nd</sup> phase (i.e. clinker unit) will complete by the end of this year. Due to escalation of project cost the amount of term loan for the patratu project has increased from Rs.125.00 crore to Rs. 197.83 crore.

### **Dividend**

The profit for the year is not enough to declare the dividend therefore your directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2015.

### **Amount Transferred to Reserve**

During the year Rs. 1,16,99,128.21 has been transferred to General Reserve.

### **Changes in Share Capital**

During the Financial Year 2014-15, the share capital of the Company has been increased from Rs. 65,13,93,630/- to Rs. 82,55,43,630/- pursuant to allotment of equity shares on conversion of 17415000 warrants of Rs 10/- each under Preferential allotment.

### **Extract of Annual Return**

The extract of Annual Return, in format MGT -9, for the Financial Year 2014-15 has been enclosed with this report.

### **Number of Board Meetings**

During the Financial Year 2014-15, 7 (seven) meetings of the Board of Directors of the company were held.

### **Particulars of Contracts or Arrangements with Related Parties**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2014-15 has been mentioned in the notes of account of the Balance Sheet.

**Explanation To Auditor's Remarks**

The Auditors report is self explanatory and does not contain any qualification, reservation or adverse remark.

**Material Changes Affecting the Financial Position of the Company**

There is no material changes during the year which affect the financial position of the company, however the first phase of production from the patratu plant has started in the month of June, 2015

**Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo**

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as mentioned in the Annexure attached with this report.

**Details of Subsidiary, Joint Venture or Associates**

The Company has no subsidiary card also there is no joint venture agreement with any entry during the year. The name of associate company has been mentioned in the Balance Sheet.

**Risk Management Policy**

The Board of your company has formulated a risk management policy in connection with the risk that the organization faces in its day to day business such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory etc. The board reviews the policy in regular interval and

**Details of Directors and Key Managerial Personnel**

During the year Mr. Bal Krishan Ladha and Mr. Anshul Agarwal have resigned from the directorship of the company. Mr. Jagdish Chander Bhutani and Mrs. Rachana Agarwal have appointed as director of the company during the year. The Company has promoted Mr Sajjan Kumar Agarwal from Finance Manager to CFO during the year.

Mr. Prem Prakash Agarwal is a director, who is retiring by rotation in the ensuing Annual General Meeting.

**Details of significant & material orders passed by the regulators or courts or tribunal**

There are no significant and material orders passed by any regulators or courts or tribunal against or in favour of the company during the year.

**Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements**

The Company has adequate internal financial control with reference to financial statement.

**Deposits**

The Company has not accepted any deposits during the year.

**Receipt of any commission by MD / WTD from a Company**

Managing Director or Whole Time Director are not receiving any commission from the Company.

**Declaration by Independent Director**

The company has received the declaration from all the Independent directors of the company confirming that they meet the criteria of independence as prescribed under the Act and clause 49 of the Listing Agreement with the company.

**Re-appointment of Independent Auditor**

The reappointment of Independent Director is not required in this year.

**Secretarial Audit Report**

Copy of Secretarial Audit Report issued by a Practicing Company Secretary is attached with this report.

**Corporate Social Responsibility (CSR) Policy**

The company has incurred some expenditure under the head of Corporate Social Responsibility which is mentioned in the Management Discussion & Analysis Report.

**Audit Committee**

There is a Audit Committee of the company which has constituted and proper compliance has been done as per the Listing Agreement between the Stock Exchanges and the Company. Details has been mentioned in the Management Discussion and Analysis Report.

### **Statement Indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own Performance, its Directors, and that of its Committees**

The company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual directors which includes criteria for performance evaluation of executive and non-executive director.

### **Nomination & Remuneration Committee Policy**

There is a Nomination and Remuneration Committee of the company which has constituted and proper compliance has been done as per the Listing Agreement between the Stock Exchanges and the Company. Detail has been mentioned in the Management Discussion and Analysis Report.

### **Disclosure on Establishment of a Vigil Mechanism**

The vigil mechanism of the company which also incorporates a whistle blower policy in terms of the Listing Agreement, includes Ethics and Compliance Management comprising senior executives of the company. The whistle blower can inform any irregularity, fraud or violation to Chairman of the Audit committee which will be protected.

### **Corporate Governance**

The details report on Corporate Governance is separately mentioned under the head **Report on Corporate Governance** after the Management Discussion & Analysis Report.

### **Managerial Remuneration**

According to Section 197(12) of the Companies Act, 2013 and Rule 5 of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 following are the disclosures in detail:

- The ratio of the remuneration of each director to the median remuneration of the employee of the company for the financial year : :
- The percentage increase in remuneration of each director, CFO, CEO and Company Secretary in the financial year : No Increase
- The percentage increase in the median remuneration of employees in the financial year : No Increase
- The number of permanent employee on the rolls of the company : 205
- The relationship between average increase in remuneration and company performance : No Increase
- The Comparison of the remuneration of the key managerial personnel against the performance of the company : No Increase
- Variation in market capitalization : Decreased by 10% compared to previous year  
Price Earning Ratio as on 31.03.2014 : 26.45    31.03.2015 : 61.33  
Percentage increase over decrease in the market quotation compared to IPO rate:
- Comparison of each remuneration of KMP compared to performance of the company : As per remuneration policy of the company.
- The key parameters for any variable component of remuneration availed by the directors: No variable component
- There is no employee who draws salary more than the Managing Director of the company, who is the highest paid director.
- Remuneration paid to directors and employees as per the remuneration policy of the company.

The disclosure under the Sub Rule 2 of Rule 5 of The Companies (Appointment & Remuneration of Managerial Personnel) Rule, 2014 is not required as no employee's remuneration is touching or crossing the limit specified in the said rule.

**Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

There is no such instances happened during the year at the work place of the company.

**Fraud Reporting (Required by Companies Amendment Bill, 2014)**

No case of fraud has been reported to the Audit Committee or Board during the year.

**Statutory 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 Rule 4(1) of the Companies (Audit & Auditors) Rule, 2014 from the Auditors that their appointment, if made, will be in accordance with the limits as specified in section 141 (3) (g) of the Companies Act, 2013.

The Board proposes the reappointment of M/s N. K. Agarwal & Co. as statutory auditors of the company based on the recommendation of the Audit Committee to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

**Cost Auditors**

As per the provision of Section 148 of the Companies Act, 2013 the Company's cost records for the year ended March, 2015 are being audited/ reviewed by Cost Auditor M/s AS & Associates. The Cost Audit Report for the year ended 31<sup>st</sup> March, 2014 was filled in accordance with Cost Audit (Report) Rule 2001 within the stipulated time. For the Financial Year 2015-16 the Board of Directors of the Company has appointed M/s AS & Associates, cost auditor to audit the cost records of the company as per the recommendation of the Audit Committee. The remuneration of the of the cost auditor shall be ratified by the share holders of the company in the ensuing Annual General Meeting.

**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.

**Directors Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 as at 31st March, 2015 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**APPRECIATION**

Your Directors express their deep sense of gratitude to the Financial Institutions, Banks, Government Authorities, dealers, suppliers, business associates and Company's valued customers and the esteemed Shareholders for the faith they continue to repose in the Company and look forward to their continued support in future.

The Directors also warmly thank all the employee of the Company for their contribution to company's performance and progress.

For and on behalf of the Board  
**ASHOK GUTGUTIA**  
Vice Chairman and Managing Director

Place: Kolkata  
Date: 13.08.2015

**MANOJ KUMAR AGARWAL**  
Director

## ANNEXURE – A TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015.

### A. CONSERVATION OF ENERGY

- a. Steps Taken for Energy conservation.  
Installed compact fluorescent lamp (CFL) at Plant and Registered Office
- b. Steps taken to use alternative sources of energy. N.A.
- c. Capital Investment on energy conservation : N.A.
- d. Total Power and Energy consumption per unit of Production: N.A.

### Power and Fuel Consumption

	Current Year (2014-15)	Previous Year (2013-14)
1. Electricity		
a. Purchase		
Units (KWH)	6031951	13134085
Total Amount (Rs.in Lacs)	494.95	1062.19
Rate per unit	8.21	8.09
b. Own Generation		
I)Through Diesel Generators		
Unit	NA	NA
Unit per Ltr. of Diesel Oil	NA	NA
Cost per Unit	NA	NA
I)Through Steam turbine/generator		
Unit	NA	NA
Unit per Ltr. of Fuel Oil/Gas	NA	NA
Cost per Unit	NA	NA
2. Coal (A to D grade used in Dryer)		
Quantity (Tonnes)	450	645
Total Amount (Rs. in Lacs)	37.77	56.39
Average Rate (Rs.)	8393.52	8742.93
3. Furnace Oil		
Quantity (K. Ltrs)	NIL	NIL
Total Amount (Rs. in Lacs)	NIL	NIL
Average Rate (Rs.)	NIL	NIL
4. Other (Diesel)/ Internal Generation		
Quantity (Litre)		124842
Total Amount (Rs. in Lacs)	53.16	83.38
Rate per Litre		66.79

### Consumption per Ton of Cement Production

	Standards (if any)	Current Year (2014-15)	Previous Year (2013-14)
Electricity (Unit)		67.33	68.53
Furnace Oil	N. A.	NA	N.A.
Coal (Ton) (A to D grade used in dryer)	N. A.	0.005	0.003
Others (Diesel)	N. A.		0.651

**TECHNOLOGY ABSORPTION**

Efforts made for technology absorption	: NA
Benefits Derived	: NA
Expenditure on Research & Development	: NA
Details of Technology import	: NA

**B. 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

**For and on behalf of the Board**

**Ashok Gutgutia**  
V.C. & Managing Director

**Manoj Kumar Agarwal**  
Director

Place: Kolkata  
Date : **13.08.2015**

## Management Discussion & Analysis

### **Business Environment**

Indian cement industry is directly related to the country's infrastructure sector and thus its growth is paramount in determining the development of the country. With a current production capacity of around 366 million tonnes (MT), India is the second largest producer of cement in the world and fueled by growth in the infrastructure sector, the capacity is expected to increase to around 550 MT by FY20. The Indian cement industry is the second largest market after China and had a total capacity of over 360 million tonnes (MT) as of financial year ended 2013-14. The Indian cement industry grew at a commendable rate in the previous decade, registering a compounded growth of about 8%. However, the growth slowed down in the period 2011 to 2013 when cement consumption grew at an average rate of 4%. Moreover, the per capita consumption of cement in India still remains substantially low at about 192 kg when compared with the world average which stands at about 365 kg (excluding China). This underlines the tremendous scope for growth in the Indian cement industry in the long term

### **Opportunity & Threats**

India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost to the sector. Another factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.

However, coal prices witnessed significant decline in past few months. Imported coal prices started moving south-wards and have reached \$66.68 per metric ton at the end of December 2014, down by 26.21 per cent as compared to \$90.36 per metric tonne in December 2013. The downward movement in coal prices is likely to have a positive impact on the margins of the cement companies, particularly those which depend more on imported coal.

Cement demand was also impacted by cut down in government spending during January-March 2015 quarter, muted demand from real estate and construction projects and slow recovery in infrastructure spending.

However, the presence of a stable pro-growth government at the Centre has improved the sentiment, but the results of policy initiatives taken by the new government will take time to materialise.

### **Outlook**

The cement industry in India is globally competitive as the industry continues to witness positive trends such as cost control, continuous technology upgradation and increased construction activities. Major cement manufacturers in India are also increasingly using alternate fuels, especially bio-energy, to fire their kilns. This is not only helping to bring down production costs of cement companies, but is also proving effective in reducing emissions. Meanwhile, with the Government of India providing a boost to the infrastructure and various housing projects coming up in urban as well as rural areas, the cement sector has enough scope for development in the future. The weakness in the international crude oil prices and other commodities such as Coal should help bring costs under control and improve profitability of the sector. Higher government spending on infrastructure, robust growth in rural housing and rising per capita incomes are likely to augur well for the cement sector. Moreover, steep rise in cement prices too help cement manufacturer to improve their profit margin. Riding high on the improvement in infrastructure, investment cycle and overall economy, the demand for cement is likely to grow by nearly 6.5-7 percent during FY16

### **Risk & Concern**

Further, decline in kharif crops production owing to poor monsoons affected agricultural incomes and post-monsoon rural demand for cement for housing and other purposes. Indian cement industry is energy intensive in nature, as power is an important cost factor, about 30 per cent of total expenses are being spent on power and energy needs of the plant. Thus, many large companies resort to captive power plants in order to reduce the power costs, as this source is economical and results in continual supply of power. Therefore, higher the captive power consumption of the company, the better it is for the company. Access and proximity to raw materials (limestone and coal) and consuming markets are very important as it is extremely bulky commodity.



**Performance of the Company :**

(Rs. in Lacs)

Particulars	2014-15	2013-14
1. Total Income (Net)	8320.42	9368.70
2. Total expenditure	7539.58	8467.90
3. Profit before interest, depreciation and tax	780.84	900.80
4. Interest	454.20	397.09
5. Profit after interest but before depreciation and tax	326.64	503.71
6. Depreciation	154.16	125.31
7. Profit before tax	172.48	378.40
8. Profit after tax	116.99	270.48
	Annual Production	
No. of Bags (Weight 50 kgs. Each)	1791643	3832986

*\*Previous year's figures has been regrouped and rearranged*

**Internal control system and its Adequacy:**

To provide reasonable assurance that transactions are recorded and reported correctly, the company has established a strong internal control mechanism which is monitored by expert professionals. In this regard Company has appointed Chartered Accountants as internal auditors who submit the report regularly to the Audit Committee. The Audit Committee reviews the reports submitted by the Internal Auditors and recommends corrective measures and plans to Board and Management accordingly.

**Corporate Social Responsibility:**

During the year the Company has taken the following steps towards corporate social responsibility.

- Organized free health checkup camps.
- Sanctioned fund for repairing of electrical transformer in Soliya Village near our plant at Patratu.
- Donated sports material, equipment to local villagers near our plant for promotion of rural sports.

Other than above the company also has incurred expenditure in various welfare activities for locals residing in the vicinity of the plant.

**Industrial Relation:**

Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labors and harmonious relationships, therefore your company has specific industrial policy to create and maintain good relations between employees and management. Your company believes that nurturing and development of human capital is of key importance for its operations. 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.

**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's philosophy on corporate governance is to conduct its business in a manner, which is ethical and transparent with all stakeholders including shareholders, lenders, creditors and employee. The Company and its Board of directors firmly believe that strong corporate governance, by maintaining a simple and transparent corporate structure, is integral to creating value on a sustainable basis. Good governance is a continuing exercise and the company reiterates its commitment to pursue the same in all aspects of its operations in the overall interest of all its stakeholders. The directors and employees have accepted a code of conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the company.

### 2. BOARD OF DIRECTORS

#### (A) Composition of Board

The strength of the Board of Directors as on 13<sup>th</sup> August, 2015 is Seven out of which Three are independent director and one is professional. 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 is a Director. None of the independent director is a member of more than seven listed companies and whole time director of the company is not independent director in any listed company. The board functions as a full Board and through committees. The Board of Directors and committee meet at regular intervals. 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
Mr. Manoj Kumar Agarwal	Whole-Time Director	Executive	Promoter
Mr. Subrata Mookerjee	Director	Non-Executive	Independent
Mr. Prem Prakash Agarwal	Director	Non Executive	Promoter
Mr. Jagdish Chander Bhutani	Director	Non Executive	Independent
Mrs. Rachana Agarwal	Director	Non Executive	Professional

#### 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 of the company and financial results. The particulars of Board Meetings held during the year 2014-15 are given below:

Number of Board Meetings held during 2014-15 : 7			
Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1	14.05.2014	5	14.02.2015
2	14.08.2014	6	27.02.2015
3	14.11.2014	7	30.03.2015
4	31.01.2015		