

Malanpur Steel Limited

Annual Report 2010-2011

MALANPUR STEEL LIMITED

DIRECTORS

Shri P. K. Rateria

Shri N. K. Jaipuria

Shri N. K. Jain, Executive Director

AUDITORS

M/s. Asit Mehta & Co.

BANKERS

Punjab National Bank

REGISTERED OFFICE

Industrial Area

P.O. Birlanagar, Gwalior - 474004

Madhya Pradesh

WORKS

Malanpur (Madhya Pradesh)

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NOTICE

NOTICE is hereby given that the 65th Annual General Meeting of the Shareholders of MALANPUR STEEL LIMITED will be held on Wednesday, the 28th day of December, 2011 at 11.00 A.M. at Industrial Area, P.O.Birlanagar, Gwalior 474 004, Madhya Pradesh, to transact the following business :-

As Ordinary Business :

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2011, the Balance Sheet of the Company as at 31st March, 2011 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri N K Jaipuria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

Registered Office

Industrial Area

P.O. Birlanagar

Gwalior 474 004

Madhya Pradesh

Dated, the 22nd day of September, 2011

By Order of the Board

N K Jain

Executive Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th December, 2011 to 28th December, 2011 both days inclusive.
3. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
4. Due to prohibitive cost of paper and printing, additional copies of the Annual Report may not be available for distribution at the Annual General Meeting. Members are requested to bring their copies of the Annual Report for the meeting.
5. The name and address of the Company's Share Transfer Agent and Interface Registrar is C B Management Services (P) Ltd., P-22, Bondel Road, Kolkata- 700 019. Hence, any correspondence relating to Shares/Debentures may be made with them only.
6. Members who hold Shares in dematerialised form are requested to indicate without fail their DPID and Client ID numbers in Attendance Slip.
7. Dividends which remain unpaid/unclaimed over a period of seven years are required to be transferred by the Company to Investor Education and Protection Fund of the Central Government under Section 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the period upto 31st March, 1997 have been transferred to the said fund of the Central Government.

8. The Company's Shares are in compulsory Demat Segment. Members are requested to get their Shares dematerialised. Demat ISIN No. allotted by NSDL and CDSL is INE550A01024.
9. The Shareholders who have not got their old share certificates of Hindusthan Development Corporation Ltd. (now known as Malanpur Steel Ltd.) exchanged with new share certificates of the company and Hindusthan Engineering & Industries Ltd. in terms of the scheme of arrangement duly sanctioned by the Hon'ble High Court are requested to get the same surrendered for exchange.
10. Pursuant to Clause 49 of the Listing Agreement regarding information on Director seeking re-appointment, Shri N K Jaipuria aged about 67 years has business experience of about 43 years. He has joined the Board on 25th February, 2000. Shri Jaipuria is not a Director in any other company.

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By Order of the Board

N K Jain

Executive Director

IMPORTANT COMMUNICATION

The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of "Green Initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s C B Management Services Pvt. Ltd. by filing the form available on the webpage of our Registrar <http://www.cbmsl.com/green.php> within 31st March, 2012 and also update the e-mail address as and when there is any change.

DIRECTORS' REPORT

To

The Shareholders

The Directors present the Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

1. The operating results of the Company for the year are as follows :

		(Rs.'000)
	2010-2011	2009-2010
The profit/(loss) for the year after meeting all expenses but before providing for depreciation and Taxation is	(97 45)	1 96 60
From which have to be deducted :		
Depreciation for the current year	15 95 30	25 71 29
	(16 92 75)	(23 74 69)
Capital Work-in-progress and other Capital Assets Written off in Balance Sheet as on 30.09.2000 now Written back	2 45 80 64	-
Net Profit / (Loss)	2 28 87 89	(23 74 69)
To which have to be added :		
The Balance brought forward from previous year	(6 66 30 56)	(6 42 55 87)
To be carried forward to next year's account	(4 37 42 67)	(6 66 30 56)

2. In view of losses your Directors do not recommend payment of any dividend for the year ended 31st March, 2011.
3. The Company's Steel Plant at Malanpur (Madhya Pradesh) continues to remain under suspension of operation since October, 1998. The necessary permission from the Labour Secretary, Govt. of Madhya Pradesh for closure of the Plant was obtained and confirmed by High Court at Gwalior.
- The Company has been declared as a sick company by Board for Industrial & Financial Reconstruction (BIFR) pursuant to an application filed u/s.15(1) of Sick Industrial Companies (Special Provisions) Act.
4. The Company has filed a Draft Rehabilitation Scheme for its revival before the BIFR which is under their consideration for approval. After approval, the Scheme will be effective from 01.04.2009.
5. The Company had no employee during the year in respect of which a statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the rules thereunder is required to be annexed. Hence, information as per Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as amended, has not been provided in this report.

DIRECTORS' REPORT (Contd.)

6. Shri N K Jaipuria retires by rotation and being eligible offers himself for re-appointment.
7. The Audit Committee consists of Shri P K Rateria, Shri N K Jaipuria, Directors and Shri N K Jain, Executive Director of the Company.
8. The Auditors M/s. Asit Mehta & Co., Chartered Accountants, retire and are eligible for re-appointment. You are requested to consider their re-appointment and authorise the Board of Directors to fix their remuneration for the current year. Notes referred to in the Auditors' Report are self explanatory.
9. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion & Analysis and Corporate Governance Report are made a part of the Annual Report. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is given in Annexure, which is attached hereto and forms part of the Directors' Report.
10. Directors Responsibility Statement
 - a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
 - b) 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 and of the profit or loss of the company for that year.
 - c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d) The Directors have prepared the Annual Accounts on a going concern basis.

For and on behalf of the Board of Directors

Kolkata
The 22th day of September, 2011

N K Jain
Executive Director

P K Rateria
Director

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION 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 31ST MARCH, 2011.

I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken : Nil
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- 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 : N.A.
- d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in schedule thereto :

2010-2011 2009-2010

Power and Fuel Consumption

1. Electricity		
Own Generation		
i) Through Diesel Generator		
Unit (in thousands)	-	-
Unit per Ltr. of Diesel Oil Cost/Unit (Rs.)	-	-
ii) Through Steam Turbine/Generator	-	-
2. Coal (Steam, used for generation of steam in boiler)	-	-
3. Furnace Oil/Light Diesel Oil		
Qty. (K. Ltrs.)	-	-
Total Cost (Rs. in lacs)	-	-
Avg. Rate (Rs.)	-	-
4. Others/Internal Generation	-	-

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1. Research & Development (R & D) : N.A.
2. Technology absorption, adaptation and innovation : N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services, export plans : Nil
- b) Total foreign exchange used and earned (Rs. in lacs) :

Used :	Nil
Earned :	Nil

For and on behalf of the Board of Directors

Kolkata
The 22th day of September, 2011

N K Jain
Executive Director

P K Rateria
Director

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

The basic philosophy of Corporate Governance in the company in the present context is to strive to do the best possible keeping in view the needs and interest of all its shareholders.

2. Board of Directors

Composition of Board, Directorship and committee membership in other companies for the year ended on 31st March, 2011 :

Name of Director	Category	No. of outside Directorship held	Outside Committees As Chairman/As Member
Shri P K Rateria	Independent - Non-Executive	Nil	Nil
Shri N K Jaipuria	Independent - Non-Executive	Nil	Nil
Shri N K Jain	Executive Director	Nil	Nil

Attendance of each Director at the Board Meetings and at the last Annual General Meeting :

During the year under review six Board Meetings were held on 30.04.2010, 01.06.2010, 31.07.2010, 27.08.2010, 30.10.2010, and 31.01.2011. The attendance of each Director at these Board meetings and the last Annual General Meeting (AGM) was as follows :

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2010
Shri P K Rateria	6	Yes
Shri N K Jaipuria	6	No
Shri N K Jain	2	Yes

3. Audit Committee

The Audit Committee consists of Shri P K Rateria, Shri N K Jaipuria and Shri N K Jain. Shri P K Rateria chairs the committee.

The terms of reference of the committee are in accordance with clause 49(II) of the listing agreement and section 292A of the Companies Act, 1956 which inter-alia include review of financial reporting process, accounting policies and accounting standards, financial statements, internal control, internal and statutory audit report, on the basis of going concern assumption, besides other terms as are referred to by the Board of Directors from time to time.

Five Meetings of the Committee were held on 30.04.2010, 31.07.2010, 27.08.2010, 30.10.2010 and 30.01.2011 which were attended by Shri P K Rateria and Shri N K Jaipuria.

4. Remuneration Committee

The company has not constituted a remuneration committee. The Board of Directors fix the remuneration of the Executive Director which is subject to the approval of the shareholders and Central Government. The non-executive directors are paid sitting fees for every meeting of the Board attended by them.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of remuneration paid to Executive Director for the year ended on 31st March, 2011 are as under:

(Rs. in lacs)					
Name of the Director	Salary & other allowances	Monetary value of perquisites	Contribution to Provident Fund	Total	Tenure of appointment
Shri K C Khajanchi	0.74	0.77	0.09	1.60	Resigned on 31.5.2010
Shri N K Jain	3.00	3.00	—	6.00	3 years from 1.6.2010

As per terms of appointment, the Company and the Executive Director have the right to terminate the appointment by giving one month's notice on either side.

Details of remuneration paid to non-executive Directors are as under :

Non-executive Director	Sitting fees
Shri P K Rateria	Rs. 3,000
Shri N K Jaipuria	Rs. 3,000

5. Shareholders/Investors Grievance Committee

This Committee consists of Shri P K Rateria, Shri N K Jaipuria and Shri N K Jain. Shri P K Rateria, a non-Executive Director acts as its Chairman.

The Committee looks inter-alia into the redressing of shareholders/ investors complaints. Shri N K Jain, Executive Director is the Compliance Officer.

During the year under review, 472 complaints/queries were received from the shareholders/debenture holders and all these complaints have been redressed/replied to date. The company had 74 transfer requests pending at the close of the year under review and all these were processed subsequently.

6. General Body Meetings

a) Location and date/time where last three Annual General Meetings (AGM) were held :

Financial Year	Location	Date	Time
2007-2008	Industrial Area P.O.Birlanagar Gwalior 474004	5th September, 2008	2.30 P.M.
2008-2009	Industrial Area P.O.Birlanagar Gwalior- 474004	24th September, 2009	11.00 A.M.
2009-2010	Industrial Area P O Birlanagar Gwalior-474004	30th September, 2010	3.00 P.M.

b) Postal Ballot

No postal ballots were used for voting at the last AGM. At the ensuing AGM, there is no item on the agenda that needs consent of the members under postal ballot.

REPORT ON CORPORATE GOVERNANCE (Contd.)

7. Disclosures

(a) Disclosure on materially significant related party transactions:

Details of related party transactions during the year have been set out under Note 11 of Schedule 12 of the Annual Accounts. However, these are not having any potential conflict with the interests of the Company at large.

(b) Adjudication & Enquiry Officer of SEBI has imposed a penalty of Rs.25 lacs in respect of investor complaints. The company has preferred an appeal against the same before the Securities Appellate Tribunal (SAT) and SAT has directed to pay Rs.3 lacs which has been paid and the matter is sub-judice. Other than this, no penalties have been imposed or stricture has been issued by the Stock Exchange or any Statutory authorities on the matters related to capital markets during the last three years.

8. Code of Conduct

A code of conduct has been laid down for all Board Members and Senior Management of the company who have affirmed compliance with the same. A declaration to this effect signed by the Executive Director has been taken on record.

9. Means of Communication

Half yearly report sent to each household of shareholders

: No

Quarterly results

: Published in Business Standard (Kolkata) and Acharan (Gwalior)

Any Website, where displayed

: No

Whether it also displays official news releases and presentations made to Institutional Investors or to the analysts

: No

Whether MD&A is a part of Annual Report

: Yes

10. General Shareholder Information

Annual General Meeting

Date and Time

: 28th December, 2011 at 11.00 A.M.

Venue

: Industrial Area,
P.O.Birlanagar,
Gwalior - 474004.

Financial Calender (2011-12)
(tentative)

Financial Year

: April to March

First quarter results

: Last week of July, 2011

Half yearly results

: Last week of October, 2011

Third quarter results

: Last week of January, 2012

Year ending results

: Last week of June, 2012

Date of Book closure

: 20th December, 2011 to 28th December, 2011
(both days inclusive)