DIRECTORS REPORT

R. P. Gupta, M.D.

Dear Members,

Your directors have pleasure in presenting the 23rd Annual Report along with Audited statement of accounts for the year ended 31st March, 2009 as follows:-.

Financial/Operational Performance (Rs. In Lakhs)

Particulars	31/03/2009	31/03/2008
Turnover	3146.38	3164.15
Operating Income	416.81	540.78
Other Income	27.83	309.16
PBIDT	446.64	849.94
Less: Interest	123.97	108.32
Cash Profit (PBDT)	322.67	741.62
Less: Depreciation & Amortization	268.74	240.57
Profit Before Taxation (PBT)	53.93	501.05
Less: Fringe Benefit Tax	1.79	2.19
Deferred Tax	24.56	109.69
Income Tax	5.37	28.48
Profit afterTaxation (PAT)	22.21	360.69

There was planned shut down of the Kiln for 101 days and Cement mill for 65 days for de-bottlenecking capex during Q-2 & Q-3. Despite such long shut down, cement production was increased by 12.6%, but clinker production was decreased by 14.3%. Overall despatch of cement and clinker was reduced by 2.3%. Hence, the annual turnover was marginally down by 0.6%.

Due to prolong shut down, the mining operations were also suspended for 74 days. Hence mining overheads were distributed on smaller production of Limestone increasing the cost of raw material for the plant. As per technical advice from ACC, we switched over to imported Gypsum for maintaining cement quality which has also resulted into increase in raw material cost. Specific power consumption has gone up by 4.5 units/ton due to utilization of power during shut down for misc. Purpose. The cost of salary/wages and contract labour has also gone up during the year. Increase of input cost could not be passed on to customer.

The combined impact of above has resulted into decrease of operating margin from 17% to 13.4%. However, the benefit of capex has already started from Q-4. It's full benefit shall be available in next FY 09-10. We therefore, expect increase in turnover & operating margin during FY 09-10.

Alliance with ACC

The marketing alliance with ACC is continuing in terms of the agreement entered in March, 2007. Company had allotted 227 lakh no. share warrants to ACC which were due for conversion on 18/12/2008. ACC converted only 50 lakh warrants and requested for time extension, which was not admitted by SEBI. Hence, 177 lakh warrants were forfeited. However, ACC shall make fresh subscription as and when major expansion project is taken up. Company is also availing technical services from ACC for improving the production efficiency and quality.

Economic Scenario & Outlook

There was unprecedented financial crisis in USA initiated from housing mortgage sector. Due to integration of financial market across the world, the entire global banking sector was affected. Finally, it precipitated into global economic slow down, affecting India's GDP also from 9% in 07-08 to 6.7% in 08-09. India witnessed reversal of forex inflow. Fresh investment in reality and construction sector was also slow down.

Our Govt, has acted swiftly in response to such global crisis through series of stimulus package by providing liquidity into the market as well as reduction of Excise duty. Such fiscal and monetary stimulus clubbed with reforms has arrested the economic slow down in our country. India established it's position as second fast growing economy in the world during such adverse situation. Govt, has also announced to regain the growth momentum of 9% in future years. Gradually, investment confidence and business confidence is re-building for India and there is every likelihood that India will come back to high growth trajectory in future years.

Cement Industry Outlook & Opportunities

The demand growth during the year was only 7.8%. The principal reason was economy slow down in the next half of the year on global basis. However, it is expected that Indian economy shall revive in FY 09-10 and the future demand of cement may grow at double digit rate. At the same time, several capacity additions are in pipeline which may crystallise in second half of FY 09-10. But healthy demand growth may absorb such additional capacity in next 1/2 years.

In the budget 2009-10, Govt, has enhanced the spending with specific stress on rural sector. Govt, has also earmarked Rs.1.0 Tn. to IIFCL for re-finance of infrastructure projects. Interest on low cost housing has been reduced. In view of this, demand of cement shall be higher from rural & infrastructure sector. Demand from urban and industrial sector is likely to be stagnant. Your company feels that this is the right opportunity to implement the expansion project. By the time, increased production is available, additional capacity (under implementation), shall be absorbed. Any major import of cement is not envisaged to fill up the gap.

Govt, of Odisha has already approved the expansion project through State level Single Window Clearance Authority for additional clinkerisation capacity of 1.0 MTPAand matching cement capacity. Company has already applied for various approvals such as environment, water withdrawl, power enhancement, additional mining lease, additional land etc. The expansion project shall be taken up at an appropriate time.

Major de-bottlenecking capex was completed in this year, which has started giving benefits from Q-4 onwards. In view of encouraging benefits, few more small capex is continuing for further improvement in efficiency.

Risks and Concerns

Though cement price has been reasonably stable, but the anticipated capacity addition may result into temporary supply over hang. This may cause pressure on pricing front particularly in 2nd half of the year 2009-10. But such supply over hang is likely to be over by March, 2011.

Availability of good quality coal is definitely a concern. High freight cost by road and inadequate supply of railway wagons is another area of concern.

At present Excise duty on cement is being levied on MRP without abatement benefits unlike other products. This translates into high taxation rate on Ex-works price in comparison to other core sector industry like Steel. This matter is under consideration of Govt. In case Govt, considers favorably, the rise in input cost will be set off. Alternatively, cement industry has to pass on impact of rise in input cost on the consumer, which may affect demand.

Awards & Recommendations

Director General Mines Safety, Dhanbad under Ministry of Labour & Employment Govt, of India, Chaibasa Region awarded Second prize for "over all performance of Mines" for the year 2008. Similar awards have also been received during the year 2004,2006 & 2007.

Indian Bureau of Mines, Govt, of India, Bhubaneswar awarded First prize on "Air Quality Management" and Third prize on "Afforestation" for the year 2008-09.

Human Resource

Company is maintaining cordial relations with its employees. The long term wage settlement with workers has been renewed upto 31/10/2009 for Company workers and upto 30/04/2010 for contractor workers.

This year company has given substantial rise of salaries to employees w.e.f. Jan'09 despite economy slow down. This was due to growth prospect of company and rising expectation of employees. This will benefit company in FY 09-10. However, the rise was based upon past records and recommendation of Deptt. Heads. This may result into major hike of salary expenditure in the FY 09-10. But the same will be absorbed with higher production.

Internal Control Systems

The company has an Internal Management audit team commensurate with the size of the company. It carries out desired level of audit of various spheres of activities of the company to ensure that the laid down system and procedures are adequate and being followed. The audit reports are presented to the Audit committee of the Board, which meets at periodical intervals. The audit committee has been reconstituted during the year. Continuous support and advice is available from ACC in this area.

Environmental & Social Obligation

The consent from Pollution Control Deptt. to operate has been renewed upto March, 2011. The application for obtaining NOC for expanding the plant in two phases has been submitted. First hearing is complete. Same is under active consideration of the Govt.

Your Company has been doing reasonable expenditure on periphery development. It is also committed to gear it up for future years.

Dividend

In view of past losses and further requirement of funds, your directors do not recommend any dividend for the year.

Finance

Your company has availed Term loan from IDBI to finance the capex. It has also availed working capital facilities towards the end of the year in anticipation of higher turnover in next year. Company express thanks to IDBI

Listing of Shares

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. The annual listing fee for the year 2008-09 has been paid to these Exchanges.

Fixed Deposits

The Company has accepted deposits from public including share holders and employees within the meaning of Section 58A of the Companies Act, 1956 and rules made there under and has duly complied with the provisions of the Companies (Acceptance of Deposits) Rules 1975.

Directors' Responsibility Statement

In terms of provisionsofSection217(2AA)oftheCompaniesAct, 1956, your Directors confirm that :-

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along- with proper explanations relating to material departures, wherever applicable.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements 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 the end of the financial year and of the Profit of the Company for the year ended on that date.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a going concern basis. **Directors**

Mr. B C Srivastava ,Mr. K P Jhunjhunwala and Sri B K Mangaraj, Directors of your Company retire from the Board by rotation and being eligible offer themselves for re-appointment.

Auditors

M/s Tibrewal Chand & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

CostAuditors

In pursuance of Section 233-Bof the Companies Act, 1956, your directors have appointed M/s Chatterjee & Co, Kolkata as the Cost Auditors to conduct the Cost Audit of Cement for the year 2008-09 with the approval of the Central Government.

Particulars of Employees

The Particulars of employees as required u/s 217 (2A) of the Companies Act, 1956 are not given as none of the employees were in receipt of remuneration exceeding the limits specified therein.

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

A statement containing necessary information, as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure-"A".

Corporate Governance

Pursuant to Clause-49 of the listing agreement, Report on Corporate Governance and the Compliance Certificate thereon from the Auditors of the Company is attached to this report.

Acknowledgements

Your directors place on record their appreciation of the assistance and support extended by the Government Authorities, IDBI, ACC Ltd, Consultants, Shareholders and employees of the Company.

For and on behalf of the Board

Sd/-
R. P. Gupta
Managing Director

Rourkela-769 004
The 27" day of July, 2009

Annexure - A To The Directors' Report

F O R M A [See Rule - 2]

Form for Disclosure of Particulars with respect to Conservation of Energy

Power and Fuel Consumption

PARTICULARS	As at 31/03/2009	As at 31/03/2008
1. ELECTRICITY		
a) PURCHASED		
Units (in Thousand)	11292.52	11451.63
Total amount (in Thousand)	38835.43	39546.62
Rate/Unit (including DPS)	3.44	3.45
B) OWN GENERATION		
I) Through Diesel Generator		
Units (in Thousand	84.24	63.72
Unit per Ltr.of Diesel oil	2.66	2.66
Cost/Unit (Rs.)	12.13	10.70
Ii) Through Steam Turbines		
Generator		
Units	N.A	N.A
Unit per ltr. for Fuel oil Gas		
Cost/Unit.		
2. COAL		
Quantity (in Mt)	15219.52	16836.39
Total Cost (Rs. in Thousand)	26101.74	28701.10
Average Rate (Rs.)	1715.02	1704.71
3. FURNACE OIL		
Quantity (in K.Ltr)		
Total Cost (Rs. in Thousand)	N.A	N.A
Average Rate (Rs.)		
4. OTHER/INTERNAL GENERATION		
Quantity (in Mt)		
Total Cost (Rs. in Thousand)	N.A	N.A
Average Rate (Rs.)		

Consumption per Unit of Production

PARTICULARS	Standards if any	Current Year	Previous Year
Cement Production (in Mt)		81175.00	70545.00
Surplus Clinker (in Mt)		2728.00	17499.00
Units Per Tonne		135	130
Electricity Purchased (Rs./Mt)		481.23	463.85
Furnace Oil		N.A	N.A

Reasons for variation in consumption of Power & fuel from previous year .

- *The cost of self generated power is very high, but is sparingly used and hence, no substantial impact on the total cost of production*
- *Power consumption units has gone up due to part utilisation of power during plant shutdown for misc. Purposes..*

Annexure - A To The Directors' Report (Contd..)

F O R M B [See Rule-2]

Form for Disclosure of Particulars with respect to Technology Absorption Research and Development (R & D) for the year Ended 31/03/2009

A. Research & Development (R&D)	
1. Specific areas in which R & d carried out by the Company	None
2. Benefits derived as a result of the above R & D	N.A.
3. Future Plan of action	None
4. Expenditure on R & D	
a) Capital	No specific expenditure incurred on R & D
b) Recurring	
c) Total	
d) Total R & D expenditure as a percentage of total turnover Technology absorption. adaptation and innovation	

B. Technology Absorption, Adoption & Innovation	
1. Efforts in brief, made towards technology absorption, adaptation and innovation	Nil
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	N.A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished)	N.A.
a) Technology imported	
b)Yearofimport	
c) Has technology been fully absorbed	
d) If not fully absorbed, areas where this has not taken place reasons therefore, and future plan of action	

C. Foreign Exchange Earnings Outgo	Nil