



ROLLING SOLUTION

GONTERMANN - PEIPERS (INDIA) LIMITED

Annual Report 2009-2010

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Vision

To create and expand a knowledge-based organization that constantly seeks opportunities worldwide to build and enhance business related to cast & forged rolls for rolling mills.

To integrate all its endeavours to increase market share & to maximise value for its stakeholders.

Mission

To be among the Top Ten roll producers globally.

To be one of the most cost effective roll producers.

To have significant presence across the globe.

From the Managing Director



Dear Shareholders,

When I wrote to you last, the global economy was going through one of the worst financial crisis since the Great Depression of 1929. There was a sense of gloom and despondency all over the world. Recovery in the global economy picked up momentum in the fourth quarter of 2009 driven by the extraordinary policy stimulus, monetary as well as fiscal. The pace and shape of recovery however remains uncertain with concerns about the recovery losing momentum once the stimulus is withdrawn. Recent developments in Greece, Spain and Portugal facing severe debt crisis have amplified such concerns. High unemployment rates, growing fiscal deficit and contraction of credit to productive sectors are the areas of concern for the advanced economies. The emerging economies are faced with the challenges emanating from high inflation rates, exchange rate volatility, increased capital inflows and sharp increase in asset prices.

The Indian economy staged a remarkable recovery to grow at 7.2% during 2009-10 backed by the stimulus package and increased government spending. The collective impact of monetary and fiscal policies as well as targeted structural measures have been crucial in containing the effects of the global economic downturn on domestic economic activity. The business landscape has changed significantly in the past one year. The difficult economic scenario compelled companies to re-look at the manner in which they conducted their businesses. Companies that demonstrated cost leadership without losing sight of the needs of the customers have emerged as true leaders in an economy that has turned extremely price sensitive.

Global production of crude steel increased 30.6 percent year-over-year in March 2010, while capacity utilization rates among steel manufacturers rose to 80.2 percent, their highest since 2008. The global steel demand is expected to improve in the long term with the recovery of the user industries. Growing infrastructure-related outlays as a result of government stimulus measures, including in the U.S., has helped rekindle the demand for steel. Along with government support, the recovering industrial sector is expected to further infuse steel demand, particularly in the U.S.

Indian steel industry appears to have successfully overcome the effects of the global economic slowdown. India and China are the only countries to have registered a positive growth during January-November 2009. During 2008-09, India added nearly 5.5 million tonnes of capacity in steel production. The strong growth in the GDP in second quarter of the current fiscal and in the IIP during April-November 2009 suggests that the demand side of the steel industry is back on stable footing. Indian steel outlook for 2010 continues to be positive, since Indian steel consumption is expected to rise at 6-9 per cent during the current year on account of higher demand from the real estate, construction and automobile sectors.

In a year marked with challenges, your Company was able to achieve credible financial results. The Profit before Interest, Depreciation & Taxation increased by 24.42% from Rs. 1939.98 Lacs during 2008-09 to Rs 2413.80 Lacs in the current year. The Profit before Tax increased by 87.71% from Rs. 432.47 Lacs in 2008-09 to Rs 811.81 Lacs in the current year. The Profit after Tax during the current year doubled to Rs 513.16 Lacs from Rs. 256.54 Lacs during 2008-09. The net turnover of the Company decreased by 10.53% from Rs 16436.41 Lacs in 2008-09 to Rs 14367.62 Lacs this year. The Earning per share doubled to Rs.3.62 from Rs.1.78 during 2008-09.

To achieve the maximum performance efficiency, your company is continuously undertaking modern management initiatives such as Six Sigma, TPM, Activity Based Costing, Just-In-Time (JIT), Performance Management System (PMS) to maximise its performance efficiency. These management initiatives have been integrated with the Human Resource Development policies of the Company. After the successful implementation of the Enterprise Resource Planning (ERP) system SAP last year, your company has plans to implement the Business Intelligence, Advanced Planning and Optimisation modules shortly.

The Company has been carrying out continuous research to upgrade the performance of rolls, to cater the customer specific solutions with substantially reduced response time gap, Synergistic relation with the steel industry has been maintained even in today's environment of rapid technological changes in the industry.

Your Company has been accredited with ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007, for its activities related to Design, Development, Manufacture and Supply of Cast Steel, Cast Iron (Static & Centrifugal) & Induction Hardened Forge Steel Rolls. These certifications validate the Company's conformity with internationally established standards for Environment Management, Quality Management and Occupational Health and Safety Management Systems, respectively.

Your Company has also received the Award for Export Excellence from Engineering Export Promotion Council (EEPC), Eastern Region for its outstanding contribution to engineering exports during the year 2007-08.

Your Company believes that today's business has greater responsibility towards enhancing society's overall well being. We continue to proactively foresee social and environmental factors that will be influencing our businesses in the long-term and prepare for those changes now, so that we can emerge as a more effective and stronger company. Ensuring the safety of all our employees is a key priority for us, and the Board remains focused on improving the performance in this crucial area.

I look forward to your continued support for achieving greater heights as we move forward.

L K Poddar
Managing Director



ROLLING SOLUTION

Awards & Accolades



Awards received in Quality Circle / TPM Competition



Mr. Alok Basu, Vice-President(Marketing) receiving the EEPC award from Mr. S.K. Roongta, Chairman, Steel Authority of India.

Certifications



Indian Register Quality Systems



(A Department of Indian Register of Shipping)
125, All Bhambhaniya Marg, Opp. Pawai Lake, Pawai, Mumbai - 400 072, India.

Certificate Of Approval

This is to certify that
the Occupational Health and Safety Management System of
Gontermann-Peipers (India) Limited

P.O. Pailan, Diamond Harbour Road,
24 Paraganas (S) - 743 512, West Bengal

has been found to conform to the
Occupational Health and Safety Management System Standard:

OHSAS 18001 : 2007

The Certificate is for all activities related to:

**Design, Development, Manufacture & Supply of
Cast Steel, Cast Iron (Static & Centrifugal) and
Induction Hardened Forged Steel Rolls**

This Approval is subject to continued satisfactory maintenance of the
Occupational Health and Safety Management System
of the Organisation to the above Standard, which will be monitored by IRQS.

Certificate No. : **IRQS/1040298** issued at Mumbai on : 9th April 2010

Original Approval Date : **22nd March 2010**
Current Certificate Expiry : **21st March 2013**

S. Kumar
Managing Director

Conditions: Issued!

Indian Register Quality Systems



(A Department of Indian Register of Shipping)
125, All Bhambhaniya Marg, Opp. Pawai Lake, Pawai, Mumbai - 400 072, India.
ACCREDITED BY THE RvA

Certificate Of Approval



This is to certify that the Environmental Management System of
Gontermann-Peipers (India) Limited

P.O. Pailan, Diamond Harbour Road,
24 Paraganas (S) - 743 512, West Bengal

has been found to conform
to the requirements of the Standard:

ISO 14001 : 2004

The Certificate is for all activities related to:

**Design, Development, Manufacture & Supply of
Cast Steel, Cast Iron (Static & Centrifugal) and
Induction Hardened Forged Steel Rolls**

This Approval is subject to continued satisfactory maintenance of the
Environmental Management System of the Organisation to the above Standard
which will be monitored by IRQS.

Certificate No. : **IRQS/1030297** issued at Mumbai on: 9th April 2010

Original Approval Date : **22nd March 2010**
Current Certificate Expiry : **21st March 2013**

S. Kumar
Managing Director

The use of the Accreditation Mark indicates accreditation with respect to activities covered by the certificate with accreditation no. C 071

Conditions: Issued!

Indian Register Quality Systems



(A Department of Indian Register of Shipping)
125, All Bhambhaniya Marg, Opp. Pawai Lake, Pawai, Mumbai - 400 072, India.
ACCREDITED BY THE RvA

Certificate Of Approval



This is to certify that the Quality Management System of
Gontermann-Peipers (India) Limited

P.O. Pailan, Diamond Harbour Road,
24 Paraganas (S) - 743 512, West Bengal

has been found to conform
to the requirements of the Standard:

ISO 9001 : 2008

with respect to the following scope:

**Design, Development, Manufacture & Supply of
Cast Steel, Cast Iron (Static & Centrifugal) and
Induction Hardened Forged Steel Rolls**

This approval is subject to continued satisfactory maintenance of the
Quality Management System of the Organisation to the above Standard
which will be monitored by IRQS.

Certificate No. : **IRQS/1010296** issued at Mumbai on : 9th April 2010

Original Approval Date : **22nd March 1995** for ISO 9001:1994
Current Certificate Expiry : **23rd February 2013**

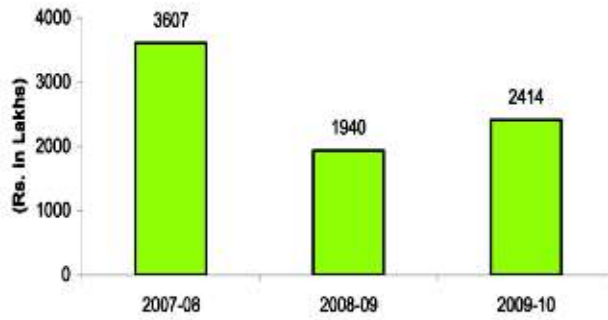
S. Kumar
Managing Director

The use of the Accreditation Mark indicates accreditation with respect to activities covered by the certificate with accreditation no. C 071

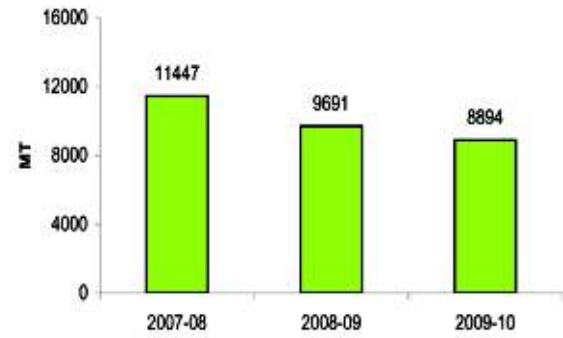
Conditions: Issued!

Financial Highlights

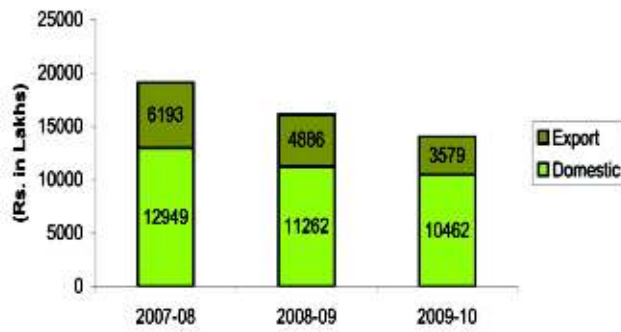
EBIDTA



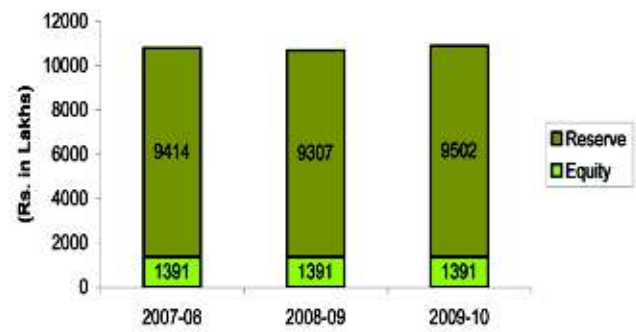
Finished Production



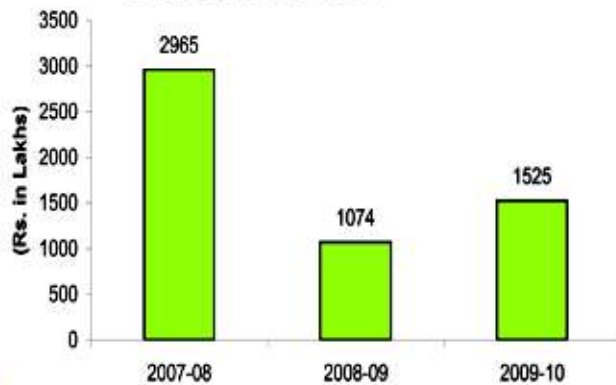
Turnover & Export



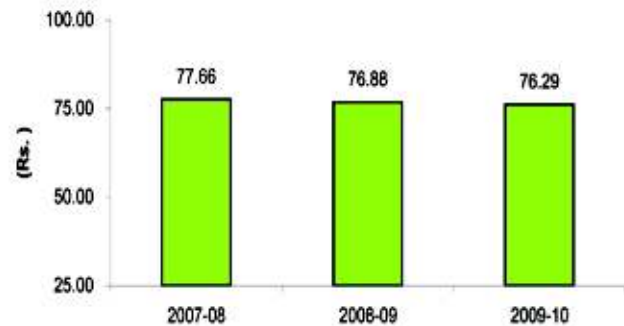
Equity & Reserve



Cash Profit



Book Value Per Equity Share



CORPORATE INFORMATION

Chairman Emeritus

ML Mittal

Board of Directors

Pramod Mittal

Chairman

V K Mittal

Mahesh Trivedi

Prof. Manoj Kumar Mitra

Dr. Shekhar Chaudhuri

Vinod Kothari

ND Auddy

IFCI Nominee

Saumar Sonowal

EXIM Bank Nominee

R N Pandey

R K Jena

L K Poddar

Managing Director

Saumitra Banerjee

Director (Operations)

Management Council

R K Parakh, *President & Chief Financial Officer*

S L Agrawal, *Vice-President (IT)*

PK Mandal, *Vice-President (QC)*

Alok Basu, *Vice-President (Marketing & Tech. Services)*

Secretaries

S Subramanian, *Company Secretary*

R K Banthia, *Asst. Co. Secretary*

Auditors

V Malik & Associates

Chartered Accountants

Registrar & Transfer Agents

M/s MCS Limited

77/2A, Hazra Road, Kolkata - 700 029, India

Phone : +91 33 2454 1892 / 93

Fax : +91 33 2454 1961

E-mail : mcsca@cal2.vsnl.net.in

Bankers

Allahabad Bank

Uco Bank

State Bank Of Indore

Registered Office & Works

P.O. Pailan, Diamond Harbour Road

24 Parganas(S), West Bengal - 743 512, India

Phone : +91 33 2453 2455 / 56, 2497 8183 / 8294 / 8462

Fax : +91 33 2497 8313 / 8547 / 8686

E-mail: gpikol@gontermann-peipers.com

Visit us at : www.gontermann-peipers.com

Company Identification No.

L27106WB1966PLC101410

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Forty-first Annual Report of the Company along with the Audited Financial Statements for the year ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	Year ended 31st March, 2010	Year ended 31st March, 2009
Sales/Income from Operations	14,367.62	16,436.41
Less: Excise Duty	849.55	1326.75
	13,518.07	15,109.66
Other Income	221.16	176.39
Total Income	13,739.23	15,286.05
Total Expenditure	11,325.44	13,346.08
Profit before Interest, Finance Charges and Depreciation and Exceptional Items	2413.79	1939.97
Interest & Finance Charges	888.35	866.09
Depreciation	710.07	637.00
Profit/(Loss) before Tax and Exceptional Items	815.37	436.88
Exceptional Items		
Prior period items (Net)	3.56	4.41
Extra Ordinary items (Net)		
Profit/(Loss) before Tax	811.81	432.47
Provision for Taxation		
Current Tax	287.09	130.77
Tax related to earlier years	2.75	1.41
Deferred Tax Liability	8.81	23.52
Fringe Benefit Tax		20.23
Net Profit/(Loss) after Taxation	513.16	256.54
Balance brought forward	4002.53	3755.25
Surplus available for appropriation	4515.69	4011.79
i) Cumulative Preference Dividend	7.91	7.91
ii) Dividend Tax	1.35	1.35
iii) Balance carried to Balance Sheet	4506.43	4002.53

During the year under review, the net revenue from Sales was Rs 13,518.07 Lacs representing a decrease of 10.53% from Rs. 15,109.66 Lacs in the previous year.

Operating Profit before interest and depreciation increased by 24% to Rs. 2413.79 Lacs, as against Rs 1939.97 Lacs during the previous year. Net profit after providing for interest, depreciation and tax doubled to Rs. 513.16 Lacs as against Rs. 256.54 Lacs during the previous year. The increase in profitability was mainly due to the various cost reduction initiatives taken by the management to tide over the recession in the industry.

DIVIDEND

Your Directors have recommended payment of dividend on the 6% Cumulative Optionally Convertible Redeemable Preference Shares (COCRPS) for the financial year ended 31st March, 2010, subject to necessary approvals. Keeping in view the present market condition your Directors have considered it prudent not to recommend any Equity Dividend for the year ended 31st March, 2010 and conserve resources by ploughing back the balance profits into reserves.

OPERATIONS

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world.

World crude steel production declined by 8 per cent to 1,220 million tonnes, Steel production weakened in nearly all the major steel producing countries and regions including the European Union, North America, South America and the CIS in 2009. However, Asia, in particular China and India, and the Middle East showed positive growth over the year.

The Indian steel industry, that went into a tailspin in the second half of 2008-09 following a global economic downturn, recovered smartly during the current year. The steel production rose 4.2 per cent to reach 60 MT in 2009-2010.

CAST ROLL DIVISION

Production during the current year declined by 11.65 % to 7522 MT as against 8514 MT during 2008-09. Cast Roll sales decreased by 7% from 8249 MT in the last year to 7851 MT in 2009-10. Consequently the total revenue from the Cast roll division was lower by 20 % at Rs. 10425 Lacs compared to Rs. 12958 Lacs in the previous year.

FORGE ROLL DIVISION

Production during the current year increased by 16.56% to 1372 MT as against 1177 MT during the previous year. Forge Roll sales increased by 23% from 1174 MT in the last year to 1448 MT in 2009-10. Consequently the total revenue from the Forge roll division also increased by 13% at Rs. 3616 Lacs compared to Rs. 3190 Lacs in the previous year.

EXPORTS

The deepening of recession in developed economies had an adverse impact on India's merchandise exports which witnessed a sharp decline during Jan-Oct 09 as global demand for India's exports waned owing to the financial & economic crisis.

During the year under review your Company exported 1526 MT of Cast Rolls as against 2790 MT during the previous year, registering a decline of 45%.

Your Company is exploring new markets for Cast Rolls in Venezuela, Colombia, Brazil, Canada, Russia, Ukraine & other Latin American countries while strengthening its presence in the existing markets like Bulgaria, China, Taiwan, Indonesia, Thailand etc. The initial foray into the untapped European & African markets of Spain, Russia and Kenya respectively have been fruitful.

Export of Forge Rolls increased by 37% at 300 MT as against 219 MT during the previous year in spite of the low demand. Your Company has made foray into new markets like Malaysia, Indonesia, Africa & Ethiopia etc and are aggressively pursuing requirements in Thailand, Brazil, Egypt, Kenya & Vietnam.

FUTURE OUTLOOK

Global Steel demand in 2010 is forecast to grow by 9.2% to 1,206 mmt which is a recovery to the level of 2008.

Indian steel outlook for 2010 continues to be positive, since Indian steel consumption is expected to be rising at 6-9 per cent during the current year on higher demand from the real estate, construction and automobile sectors.

GONTERMAN N-PEIPERS (INDIA) LIMITED
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The per capita finished steel consumption in the country, estimated at 44 kg in 2008-09, is projected to reach 54 kg by the end of 2011-12, showing tremendous growth potential in coming years. Despite the slowdown, steel output rose 3.4 per cent in the first quarter of fiscal 2009-10, in comparison to the first quarter of 2008-09, while steel consumption was also up by 5.3 per cent.

Rolls being integral to steel production, its demand is directly linked to the growth of steel industry. The increase in steel production has resulted in increase in the demand for rolls. With many Greenfield /brownfield projects in the pipeline the demand for steel remains bullish which will boost the demand for rolls.

Your Company expects to live up to the exacting demands of customers and to improve roll performance. Search is on for better quality of inputs, which would stand up to these requirements.

EXPANSION PROJECT

The expansion-cum-modernisation project (Phase-I) undertaken by the Company is expected to be completed by the end of second quarter of the current fiscal. The Company expects to derive full benefit of the expansion during the current financial year.

Your Company expects to benefit from the domestic steel industry adding capacity at a fast pace. The prospects for the roll industry appears to be both promising and challenging in medium to long term. On the export front the markets in South East Asia, China, Middle East, Africa and Latin America are the promising ones in the current scenario.

INITIATIVES

Your Company continues to practice various management initiatives such as Six Sigma, Total Productive Maintenance (TPM), Total Quality Management (TQM), Performance Management System (PMS), Activity Based Costing Management (ABCM), Just-in-Time (JIT) etc. Your Directors are happy to announce that these initiatives are yielding fruitful results.

After receiving the TPM Excellence First Category last year, your Company is gearing up for the Level III December 2010.

DIRECTORS

Mr Pramod Mittal, Mr V K Mittal and Mr Vinod Kothari, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board has recommended their re-appointment.

The details concerning the appointment / re-appointment of Directors are attached to the notice convening the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state that: -

- (i) in the preparation of the financial accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed and there have been no material departure;
- (ii) they had 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 at the end of the Accounting Year;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they had prepared the financial accounts for the year ended 31st March, 2010 on a going concern basis.

COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956, M/s. N. P. Nigam, Cost Accountant, is conducting audit of Cost Accounting Records of the Company for the year ended 31st March 2010. Your Directors have approved the appointment of M/s. N. B. Bhattacharya & Co., Cost Accountants, to conduct audit of Cost Accounting Records of the Company for the year ended on 31st March 2011, subject to the approval of the Central Government.

AUDITORS & AUDITORS REPORT

M/s. V. Malik & Associates, Chartered Accountants, auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. V. Malik & Associates to the effect that their appointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956. The notes referred to by the Auditors in their Report are self-explanatory and do not require further elucidation.

FIXED DEPOSITS

The Company has not accepted any deposits from the public, and as such there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

Your company complies with the provisions laid down in Corporate Governance laws. It believes in and practices good corporate governance. The company maintains transparency, creates value and wealth for its shareholders, and also enhances corporate accountability.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the following form part of this Annual Report:

- (i) Managing Director's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel;
- (ii) Management Discussion and Analysis;
- (iii) Report on the Corporate Governance;
- (iv) Auditors's Certificate regarding compliance of conditions of Corporate Governance.

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

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are set out in Annexure "A" and form part of this Report.

PERSONNEL

During the year under review, your Company continued to maintain cordial and mutually helpful relationship with its employees. The Board records its appreciation of the commitment and support of employees at all levels and looks forward to their total involvement.

Particulars of the employees of the Company as required to be mentioned u/s. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees)(Amendment) Rules 2002, are set out in Annexure "B" and form part of this report.

APPRECIATION

Your directors wish to place on record their appreciation for the support which the Company continues to receive from the Central Government, Government of West Bengal, Financial Institutions, Banks, Business associates, Suppliers, Customers and Shareholders. Your Directors also convey their warm appreciation to all employees for their diligence and contribution to the growth of the Company.

Kolkata
19th May, 2010

For and on behalf of the Board
M Trivedi **L K Poddar**
Director *Managing Director*

ANNEXURE-A

STATEMENT CONTAINING PARTICULARS REQUIRED UNDER THE 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 2010.

(A) CONSERVATION OF ENERGY

Additional investment and proposals for reduction in energy consumption:

a) Energy consumption measures taken & results achieved:

1. Measure taken to conserve energy in earlier years, were continued.
2. Fuel conversion work done on existing 30T Heat Treatment Furnace & 60T Dry Oven from oil to LPG fuel which are working satisfactory.
3. As required by Dept. of Power, Govt. of W.B., Energy Audit is regularly done & report submitted accordingly since 1996.
4. Most of the places Transparent Fibre Sheets on roof top used (where ever possible) to utilize natural light instead of electric light.
5. Two nos. furnace blower consumption reduced by using VFD.
6. Cooling Tower power consumption reduced by water temperature, sensor & controller.

b) Additional proposal for energy conservation

1. Use of Transparent Fiber Sheets in the shop to utilise natural light instead of electric light. This has been partially implemented.
2. Bore well water consumption to be reduced.
3. Power consumption of Compressor to be reduced by VFD.

c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on cost of production.

Energy conservation measures have resulted in significant savings and have helped offset partially the inflationary trend in fuel/electricity cost.

FORM 'A'

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption

	2009-2010	2008-2009
1. Electricity		
a) Purchased		
Unit (Kwh)	1,75,46,230	1,80,87,170
Total amount (Rs.)	9,13,47,518	8,05,65,625
Rate/Unit (Rs.)	5.21	4.45
b) Own generation		
i) Through diesel generator		
Unit (Kwh)	1,05,354	35,008
Units per ltr. Of HSD/Furnace Oil	1.77	2.51
Cost/Unit (Rs.)	19.71	13.64

	2009-2010	2008-2009
c) Diesel/ Light Diesel Oil/Furnace Oil		
Quantity (K.ltr)	544	637
Total amount (Rs.)	2,16,05,747	2,65,49,499
Average rate (Rs./k.ltr)	39,740	41,678
d) LPG Gas		
Quantity (Kgs)	9,95,965	9,50,899
Total amount (Rs.)	3,97,63,365	4,33,75,043
Rate/Unit (Rs.)	40	46
B. Consumption per M.T. of production		
	2009-2010	2008-2009
Electricity (Kwh/M.T)	1968	1870
Furnace Oil (Ltr/M.T.)	61	66
Coal (Kgs)	NIL	NIL
LPG(Kgs/M.T.)	111	98

(B) TECHNOLOGY ABSORPTION

FORM 'B'

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D):

RESEARCH AND DEVELOPMENT (R&D):

1. SPECIFIC AREAS OF R&D CARRIED OUT BY THE COMPANY.

- Development of microstructure re-engineered grade of ICDP and High Chromium rolls.
- Improving depth of hardness in Forged Work Rolls by cryogenic treatment,
- Improving methoding practice with the help of MAGMA simulation software.

2. MEANS & OBJECTIVES

- a) The in-house R&D center of the company is recognised by the Government of India, Ministry of Science & Technology, Department of Scientific & Industrial Research. The R&D center is equipped with the MAGMA simulation software for casting, LEICA image analysis system, Computerised Instron Universal testing machine, LECO metallographical polishing unit, Computerised LECO C&S testing unit & ARL spectrometer, Krautkramer Ultrasonic tester, and other very sophisticated state of the art equipments for testing and R&D.
- b) GPI's entire product range is covered under ISO 9001:2000 certification & subject to stringent quality assurance checks & Testing. The R&D center of the company continuously carry out tests to ensure maximum assurance levels.

3. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

- The company has established itself in the International market & repetitive and continuous export orders are being received both in cast and forge steel rolls.
- The company has been able to give customer specific solutions with substantially reduced response time gap, Synergistic relation with the steel industry has been maintained even in today's environment of rapid technological changes in the industry.
- With the help of MAGMA simulation software, the R&D center is being able to improve the methoding practice, by which Internal defects & rejections have been significantly reduced.
- The company has developed two significantly improved microstructure re-engineered grades of ICDP rolls with indigenous technology. The customer feedback about these is encouraging.

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4. FUTURE PLAN OF ACTION

- Development of special quality Back Up Roll through an innovative route of production.
- Development of a significantly improved microstructure re-engineered grade of Hi-Cr Roll.
- Establish the process of Centrifugally cast Plate Mill rolls.

5. EXPENDITURE ON R & D

	(Rs. In lacs)
a) Capital:	35.33
b) Recurring:	59.04
c) Total:	94.37
d) Total R&D expenditure as A percentage of total turnover	0.01%
Technology absorption, adaptation and innovation	: None

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; and export plans

The market expansion activities have met success in several advanced and developing markets like US, Italy, China, Malaysia, Libya, Thailand, Bulgaria, Taiwan, Indonesia etc. and the Company has been able to secure repeat orders from these territories.

Improved market penetration planned in Venezuela, Colombia, Brazil, Canada, Russia, Ukraine, Egypt, Africa, Ethiopia & other Latin American countries

2. Total foreign exchange used and earned

No.	Particulars	(Rs. In lacs)
1)	Foreign Exchange Earnings	3579.44
2)	Foreign Exchange Outgo:-	
	CIF Value of Imports of raw materials, components & spare parts	747.16
	Capital Goods	1992.08
	Others	160.06

Annexure-B

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2010.

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualification	Total Experience (years)	Date of Commencement of Employment	Previous Employment/ Position held
L.K.Poddar	52	Managing Director	1,32,63,668	96,86,706	B.Com., LLB, FCS	31	01.04.2001	Ispat Industries Ltd Asst. Secretary
J Barman*	59	Executive Director	11,31,748	9,86,492	B.Tech (Mech)	37	01.11.1991	GKW Ltd. Production Manager B & R Mill & Roll Turning Shop

* Resigned w.e.f 30th April, 2009.

- a. Remuneration received includes gross salary, allowances, taxable value of perquisites and Company's contribution to provident fund.
- b. The nature of employment of Mr. L K Poddar and Mr J Barman is contractual
- c. The employees are not related to any of the Directors of the Company

MANAGEMENT DISCUSSION & ANALYSIS REPORT

OVERVIEW

The global economy made a strong recovery in 2009-10, after going through one of the worst financial crisis in 2008-09. The rapid rebound in world output has been driven by the extraordinary amount of policy stimulus, monetary as well as fiscal. As per the International Monetary Fund (IMF) output for the world as a whole is expected to grow 3.9 per cent in 2010. However, the concern about the recovery losing momentum, once the stimulus is withdrawn, remains. High unemployment rates, growing fiscal deficit and contraction of credit to productive sectors are areas of concern for the developed economies. For the emerging economies, which are already on the path to recovery, there are challenges emanating from increased capital flows with ramifications for monetary growth, inflation and exchange rate uncertainty, along with policy implications for the capital account.

The Indian economy staged a remarkable recovery to grow at 7.2 % during the year, backed by the financial stimulus package and increased government spending. Indian industry grew at a steady pace, with the core sector growing by 7.2% in March 2010 against 3.3% in March 2009. Finished steel led the way with a growth of 9.2% against a negative result of 1.8% in March last year, thanks to a steady recovery of the automobile, consumer goods and infrastructure sector.

A major concern during the year 2009-10, especially in the second half, was the emergence of high double-digit food inflation. On a year-on-year basis, wholesale price index (WPI) headline inflation in December 2009 was 7.3 per cent but for food items (primary and manufactured) with a combined weight of 25.4 per cent in the WPI basket, it was 19.8 per cent.. A significant part of this inflation is precipitated by the delayed and sub-normal southwest monsoons affecting the supply of the essential commodities.

With rise in input costs (iron ore prices shooting up by over 90% and coking coal prices rising by around 55%) and a steady demand the steel prices have been moving northwards for the past few months. But the rise in steel products, especially flat products is bound to effect the prices of the end user industries like automobiles, air conditioners, refrigerators and so on, leading to further inflation.

Global production of crude steel increased 30.6 percent year-over-year in March, while capacity utilization rates among steel manufacturers rose to 80.2 percent, their highest level since late 2008. Total production among the 66 countries tracked by worldsteel rose to 120 million metric tons in March, up from 108 million metric tons in February and well above the 92 million tons in March 2009.

OPPORTUNITIES & THREATS

The global steel demand is expected to improve in the long term with the recovery of the user industries. Growing infrastructure-related outlays as a result of government stimulus measures, including in the U.S., has helped rekindle the demand for steel. Along with government support, the recovering industrial sector is expected to further infuse steel demand, particularly in the U.S.

China is expected to remain the largest consumer of steel going forward. With signs of a recovery across the world since the beginning of the second half of 2009, the World Steel Association expects the global steel demand in 2010 to grow 9.2% to 1,206 million tons, which is similar to the level in 2008. With steel demand and prices picking up in the last couple of months, steel producers are restarting facilities.

India stands at a better platform as compared to its foreign counterparts in demand recovery. In India, steel producers are in a better position to pass on the cost of inputs and production to the end users, in form of higher final goods pricing. Furthermore, the steel producers are expected to upgrade the prices band of their products in the FY2010-11.

The company's performance is mainly dependant on steel industry as the steel industry is the major consumer of Rolls. The higher level of activity in steel sector has definitely resulted in increased demands for rolls. The demand for value added

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superior rolls like HSS & Semi-HSS grade rolls in the initial HSM stands and enhanced carbide ICDP rolls in the end stands continues. To meet the demand in HSS, Semi-HSS, HiCr Steel qualities, your Company is gearing up to meet this challenge with the ongoing modernization cum expansion plan together with the R&D program and we expect to meet this challenge successfully.

The Forged Roll market for Cold Rolling Mills remain buoyant. The average selling price has improved significantly but the availability of blanks has not improved. This is a concern area in the forged roll division and due to this we have so far not been able to increase production.

The biggest threat to the industry remains from the cyclic nature of the sector, which could put immense pressure on steel prices if steel consumption shows signs of faltering or supply exceeds the demand considerably.

THE COMPANY'S PERFORMANCE

CAST ROLLS

Production during the current year declined by 11.65 % to 7522 MT as against 8514 MT during 2008-09. Cast Roll sales decreased by 7% from 8249 MT in the last year to 7851 MT in 2009-10. Consequently the total revenue from the Cast roll division was lower by 20 % at Rs. 10425 Lacs compared to Rs. 12958 Lacs in the previous year.

FORGED ROLLS

Production during the current year increased by 16.56% to 1372 MT as against 1177 MT during the previous year. Forge Roll sales increased by 23% from 1174 MT to 1448 MT during the current year. The total revenue increased by 13% to Rs 3616 Lacs as compared to Rs 3190 Lacs in the previous year.

FUTURE OUTLOOK

With the development of new grades of rolls & penetration in overseas market coupled with increasing capacity of steel industry world wide both growth & profitability should be maintained in future. The order book position is quite healthy & offers good scope for growth for the year 2010-11.

Forged roll division has achieved significant improvement in operation and sales. However the sourcing of blanks and some key quality problems still remain. High lead-time in procurement and cost of blanks is posing a threat to timely delivery of quality rolls. The order book position is quite healthy & offers good scope for growth for the year 2010-11.

EXPORT

The economic crisis in developed economies had an adverse impact on India's exports during 2009-10. The crisis had its impact on the export performance of the Company as well. The Cast Roll division exported 1526 MT in 2009-10 as against 2790 MT during 2008-09, registering a decline of 45%. The Forge Roll division however saw a quantum jump of 37% in exports from 219 MT in 2008-09 to 300 MT in the current year.

In order to utilize the established plant capacity and also establish the company as a global player, major markets have been identified and marketing thrust is directed towards this goal. With continued thrust on exports, we expect to increase the export share of total sales in the year 2010-11. Your Company has received the Award for Export Excellence from Engineering Export Promotion Council (EEPC), Eastern Region for its outstanding contribution to engineering exports.

FINANCIAL PERFORMANCE

The Company prepared its accounts in compliance with the applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

(Rs. In Lacs)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Sales/Income from Operations	14,367.62	16,436.41
Less: Excise Duty	849.55	1326.75
	13,518.07	15,109.66
Other Income	221.16	176.39
Total Income	13,739.23	15,286.05
Total Expenditure	11,325.44	13,346.08
Profit before Interest, Finance Charges, Depreciation and Exceptional Items	2413.79	1939.97
Interest & Finance Charges	888.35	866.09
Depreciation	710.07	637.00
Profit/(Loss) before Tax and Exceptional Items	815.37	436.88
Exceptional Items		
Prior period items (Net)	3.56	4.41
Extra Ordinary items (Net)		
Profit/(Loss) before Tax	811.81	432.47
Provision for Taxation		
– Current Tax	287.09	130.77
– Tax related to earlier years	2.75	1.41
– Deferred Tax Liability	8.81	23.52
– Fringe Benefit Tax		20.23
Net Profit/(Loss) after Taxation	513.16	256.54
Balance brought forward	4002.53	3755.25
Surplus available for appropriation	4515.69	4011.79
i) Cumulative Preference Dividend	7.91	7.91
ii) Dividend Tax	1.35	1.35
iii) Balance carried to Balance Sheet	4506.43	4002.53

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Operating Profit before interest and depreciation increased by 24% to Rs. 2413.79 Lacs , as against Rs 1939.97 Lacs during the previous year. Net profit after providing for interest, depreciation and tax doubled to Rs. 513.16 Lacs as against Rs. 256.54 Lacs during the previous year. The increase in profitability was mainly due to the various cost reduction initiatives taken by the management to tide over the recession in the industry.

RISKS & CONCERNS

Fortune of Roll Industry is associated with that of steel. The cyclic nature of the steel industry is and will continue to remain always a cause for concern.

The Company faces the challenges posed by the World economic crisis leading to a loss of export business, an uncertain foreign exchange market and price volatility of some of the major inputs. The company also faces challenges with regard to increased competition and fast changing technology.

Risks and opportunities are inseparable components of the Company's business. The Company has clearly identified and segregated its risks into various categories like strategic, operational, financial etc. and constituted an internal Risk Management Committee, comprising of heads of departments, to effectively manage the risks. The identified risks are prioritized in terms of likelihood and impact after discussion with the Risk Owners and ranking assigned to each risk in terms of high/medium/low. The Risk Management Committee meets periodically to identify and assess new risks, formulate mitigation plans, review the updates on the identified risks and implementation of the mitigation plans etc. The risk identification process and mitigation plans are subject to review by the Board of Directors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate systems of internal control to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported correctly and to ensure

The internal control system provides well documented standard operating procedures, guidelines, authorisations and approval procedures. The effectiveness of the internal control systems are reviewed by independent internal auditors on a continuous basis. In addition, various professional auditing firms are hired for specific assignments on need basis.

The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations is submitted to Audit committee of the Board of Directors. The status of implementation of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any are reported to the Board.

SAFETY, HEALTH & ENVIRONMENT

Your Company is committed to the safety and health, of its employees. The Safety Management systems are constantly being monitored for improvement and up-gradation to compete with the best in the industry. Safety of employees and visitors is accorded highest priority and all unsafe conditions and unsafe practices are systematically eliminated. Safety has been given a new dimension with the introduction of TPM. The TPM methodology very well integrates safety awareness in the steps to be followed by every autonomous maintenance team. This has shifted the responsibility of finding unsafe work condition from a single safety officer to every individual workmen. The Company also observed the National Safety Week inviting external agencies and dignitaries to conduct Mock Fire Drill, Training on Personal Protective Equipment, Safety Awareness and Blood Donation Camp.

Your Company believes in good health of its employees. To pursue this objective, efforts are being made on both treatment as well as maintaining good health. Medical Officer have been appointed to take care of the employees health and awareness programmes is also being conducted on ill effects of smoking, chewing tobacco etc. A 24 Hour Ambulance Service is maintained by your Company to meet any emergency in the factory or in the neighbouring areas.

Your Company is aware of the impact of its activities, products and services on the environment. The Company places highest priority to environmental protection and has consistently been able to achieve emission and discharge levels stipulated by the Environmental Regulatory bodies. Your Company has been accredited with ISO 14001:2004, and OHSAS 18001:2007, for its activities related to Design, Development, Manufacture and Supply of Cast Steel, Cast Iron (Static & Centrifugal) & Induction Hardened Forge Steel Rolls. These certifications validate the Company's conformity with internationally established standards for Environment Management and Occupational Health and Safety Management Systems, respectively.

In order to improve the operating environment and reduce pollution the HT Furnaces have been converted from HSD to LPG. A super sucker has been provided to suck the dust.

In order to improve greenery in the plant, additional tree plantation programmes have been undertaken.

SOCIAL COMMITMENTS

GPIL philosophy believes that corporate responsibility extends beyond the ambit of a company's facilities and offices and that true corporate citizenship must include common cause with society. In keeping with this belief, GPIL encourages different social events and development of health programme and human capital initiatives. Serving the local committee and promotion of sports are some of the key activities undertaken by the Company.

The Company's social activities include Blood Donation camps, providing support for drinking water facility, infrastructural support to schools etc.

HUMAN RESOURCE DEVELOPMENT

Human Capital is the most important resource of any organization. The Company recognizes the need to have optimum level of human resource and orientation towards team efforts for sustained growth and performance. The focus is on people empowerment through skill, knowledge and attitude reinforcement to integrate them in achieving the Company's corporate goal.

In line with the Organization's priority; the company has implemented organizational development and initiatives like Six Sigma, Total Productive Maintenance (TPM), Performance Management System (PMS), Total Quality Management (TQM), Activity Based Costing, Just-In-Time (JIT) etc. The objective has been to ensure involvement of all into the process of 'Loss Reduction' and streamlining of work processes thereby increasing effectiveness across the line and ranks of the organisation.

Employees from various levels were sent for external training to upgrade their skills and knowledge in the areas of Cold Rolling Technologies - Advancement & Recent Trends, Materials Management Emerging Trends & Challenges etc.

Your company has taken up several initiatives to enhance quality of life of the employees; special attention being placed on healthcare and recreation of employees. Quality Circle movement is also being imbibed into the culture of GPIL.

During the year under review the Company won the following awards :

- Par Excellence Awards in the National Level at International Convention of Quality Circles at Hyderabad.
- Par Excellence Award and Excellence Award on TPM Case Studies, in the Chapter Convention of Quality Circles.

Employee-Management relations remained cordial through 2009-2010 with moral and commitment remaining high. As at 31st March 2010, the total number of employees in the Company was 636.

The company continues to give stress on production of quality products & total customer satisfaction, leading to value addition for all the stakeholders.

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis Report describing the Company's projections or predictions may be construed as 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the company's operations include demand-supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments within and outside the country and other factors such as litigation and other labour negotiations.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Board has adopted, and is committed to adopting, its obligations under relevant regulations and laws as well as any relevant best practices relating to Corporate Governance. This would ensure efficient conduct of affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Board lays significant emphasis on fair, transparent and ethical governance practices. The Company's Philosophy on Corporate Governance is:

- to have systems in place which will allow sufficient freedom to the Board of Directors and management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.
- to provide transparent corporate disclosures and adopt high quality accounting practices.
- timely and proper dissemination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- to adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the Shareholders and Country's economy.

Your Company is fully compliant with the requirements of the prevailing and applicable corporate governance codes. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

BOARD OF DIRECTORS

The Company has a Non-Executive Promoter Chairman and the number of Independent Directors is one-half of the total number of Directors. The number of Non-Executive Directors (NEDs) at 83% is more than 50% of the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. The Directors have made necessary disclosures regarding Committee positions in other public companies as at March 31, 2010.

The following is the composition of the Board of Directors as on 31st March, 2010.

Category	No. of Directors	Percentage of total number of Directors
Promoter		
– Executive Director	Nil	—
– Non-Executive Directors	2	16.67
Executive Directors	2	16.67
Non-Executive Independent Directors	6	50.00
Other Directors	2	16.66
Total	12	100.00

The attendances of Directors at Board Meetings held during the financial year and at the last Annual General Meeting and also the number of Directorships and Committee Memberships held by them in other Companies are given below.

Name of Director	No. of Board Meetings Attended	Attended Last AGM held on 15.09.2009	No. of Directorships in other Companies #		No. of Membership in Committee of Directors in other Companies \$	
			Chairman	Director	Chairman	Member
Mr. Pramod Mittal (Chairman)	—	No	2	—	—	—
Mr. V. K. Mittal	—	No	1	2	—	—
Mr. M. Trivedi	5	No	—	1	2	—
Prof. M. K. Mitra	6	Yes	—	—	—	—

Name of Director	No. of Board Meetings Attended	Attended Last AGM held on 15.09.2009	No. of Directorships in other Companies #		No. of Membership in Committee of Directors in other Companies \$	
			Chairman	Director	Chairman	Member
Dr. Shekhar Chaudhuri	7	No	—	2	2	—
Mr. Vinod Kothari	5	No	—	2	—	2
Mr. N. D. Auddy (IFCI Nominee)	5	No	—	—	—	—
Mr. S. Sonowal (Exim Bank Nominee)	6	No	—	1	1	—
Mr. R. N. Pandey	6	No	—	1	—	1
Mr. R K Jena	4	No	—	1	—	1
Mr. L.K. Poddar	7	Yes	—	1	—	—
Mr. J. Barman *	—	Not applicable	—	—	—	—
Mr. S. Banerjee**	7	Yes	—	—	—	—

* Ceased to be Director w.e.f. 30th April, 2009

** Appointed as a Director w.e.f 14th May, 2009

Excludes directorships of private limited companies and of companies incorporated outside India.

\$ Chairmanship/Membership of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Mr Pramod Mittal and Mr V K Mittal are related to each other.

During the year ended 31st March, 2010 seven Board meetings were held and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are 27.05.2009, 30.06.2009, 24.07.2009, 07.09.2009, 11.09.2009, 30.10.2009 and 21.01.2010.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

The agenda for board meetings are sent in advance to all the Directors.

AUDIT COMMITTEE

The Company has an Independent Audit Committee constituted in terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee exercises the powers and discharges the functions as stipulated in the said Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Powers

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference

The terms of reference of the Audit Committee broadly includes :-

- Review of accounting policies, financial reporting processes and disclosure of financial information.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and fixation of audit fees as well as fees for other services being rendered by them.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on :
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;

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- ❖ qualifications in draft audit report;
- ❖ significant adjustments arising out of audit;
- ❖ the going concern assumption;
- ❖ compliance with accounting standards;
- ❖ compliance with stock exchange and legal requirements concerning financial statements;
- ❖ any related party transactions as per Accounting Standard 18.
- Review reports of internal auditors and management response thereto.
- Review the adequacy of the internal audit function, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
- Review statutory compliances.
- Review performance of Statutory and Internal Auditors.

The internal auditors submit their reports periodically to the Audit Committee for review and discussion. The Committee reviews with the Statutory Auditors their observations and suggestions on accounts and accounting policies.

The Audit Committee reviews the quarterly Corporate Governance Report and also undertakes such other matters as may be delegated by the Board from time to time.

Minutes of each audit committee meeting are placed before and discussed in the meeting of the Board.

Composition

The Audit Committee comprises of eight Non-Executive Directors six of whom are Independent and Professional Directors and who are well versed in finance, accounts, treasury and company law.

The Managing Director and Director (Operations) are permanent invitees to the Audit Committee meetings. Apart from the Committee Members, the Managing Director and the Director (Operations), the meetings of Audit Committee are also attended by the Finance and Accounts Head and other Operational/Departmental Heads. The Internal Auditors also attend the meetings to discuss their report with the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

Five Audit Committee Meetings were held during the financial year ended 31st March, 2010 on 27.05.2009, 30.06.2009, 24.07.2009, 30.10.2009 and 21.01.2010 respectively. The necessary quorum was present for all the meetings.

The composition of the Audit Committee and the meetings attended by the members are as under:

Name of Directors	No. of meetings attended during the year ended 31st March, 2010
Mr. M. Trivedi, Chairman	5
Prof. Manoj Kumar Mitra	4
Dr. Shekhar Chaudhuri	5
Mr. N.D. Auddy (IFCI Nominee)	4
Mr. Vinod Kothari	3
Mr. S Sonowal (Exim Bank Nominee)	4
Mr. R N Pandey	5
Mr. R K Jena	4

SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

The Share Transfer and Investors Grievance Committee of Directors to look in to the redressal of complaints of investors relating to transfer of shares, non-receipt of shares, non-receipt of declared dividends and also to ensure expeditious share transfer process.

Five meetings were held during the year ended 31st March, 2010. The dates on which the meetings were held are 30.04.2009, 24.07.2009, 30.10.2009, 21.01.2010 and 15.02.2010.

Composition and Attendance record of Share Transfer & Investors Grievance Committee :

Name of Directors	No. of meetings	Meetings attended
Mr. M. Trivedi, Chairman	5	5
Prof. Manoj Kumar Mitra	5	5
Dr. Shekhar Chaudhuri	5	4
Mr. Vinod Kothari	5	3
Mr. L. K. Poddar	5	5
Mr. S Banerjee*	4	4

* Appointed as a Member w.e.f. 27th May, 2009

Name & Designation of Compliance Officers:

1) Mr. S. Subramanian, Company Secretary and Mr. R.K. Banthia, Asst. Company Secretary.

Share transfers/transmissions etc. as approved by the Committee are notified to the Board at regular intervals.

During the year under review, 3 (three) complaints were received from investors, all complaints were replied/resolved to the satisfaction of the investors. There are no pending complaints as on 31.03.2010.

REMUNERATION COMMITTEE

The broad terms of reference are to consider and approve the remuneration payable to the managerial persons including Managing Director / Whole-time Directors of the Company as prescribed under the Companies Act, 1956 or rules made thereunder.

Two meetings were held during the year ending 31st March, 2010. The dates on which the meetings were held are 27.05.2009 and 30.06.2009.

The Composition of the Remuneration Committee is as below :

Name of Members	Category	Number of Meetings attended
Mr. M. Trivedi, Chairman	Independent, Non-executive	2
Prof. Manoj Kumar Mitra	Independent, Non-executive	1
Dr. Shekhar Chaudhuri	Independent, Non-executive	2
Mr. NDAuddy (IFCI Nominee)	Independent, Non-executive	1
Mr. Vinod Kothari	Independent, Non-executive	2
Mr. S Sonowal (Exim Bank Nominee)	Independent, Non-executive	2

The details of Remuneration paid to Managing Director and Whole-time Directors during the year ended 31st March, 2010 is given below :

Name of the Directors and period of appointment	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. L. K. Poddar, Managing Director (from July 28, 2004 to July 27, 2009. Reappointed w.e.f July 28, 2009 for a period of 5 years)	1,32,63,668	Nil	1,32,63,668
Mr. J. Barman, Executive Director* (from October 16, 2007 to July 31, 2011)	11,31,748	Nil	11,31,748
Mr. S. Banerjee, Director (Operations) (w.e.f May 14, 2009 for a period of 3 years)	11,44,995	Nil	11,44,995

* Mr. J Barman resigned as Executive Director of the company with effect from 30th April, 2009

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- Service Contract – The service contract of the Managing Director/Executive Director /Director (Operations) can be terminated by either party giving three months notice to the other party or the Company paying three months salary in lieu thereof.
- Severance Fee – No Severance fee is payable to the Managing Director/Executive Director/Director (Operations).
- Stock Option – Nil.

Non-Executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its committees. The detail of sitting fees paid during the year 2009-10 to the Non-Executive Directors is given below:

Name of the Directors	Relationship with other directors	Business relationship with the Company, if any	Remuneration paid/ payable during the year ended 31st March 2010 (In Rs.)
Mr. M. Trivedi	None	None	93000
Prof Manoj Kumar Mitra	None	None	101000
Dr Shekhar Chaudhuri	None	None	110000
Mr N D Auddy	None	Nominee of IFCI Ltd, a lender to the company	73000
Mr Vinod Kothari	None	None	77000
Mr. S Sonowal (Exim Bank Nominee)	None	Nominee of EXIM Bank, a lender to the company	86000
Mr. R N Pandey	None	None	85000
Mr. R K Jena	None	None	60000

PROJECT MANAGEMENT COMMITTEE

The broad terms of reference of the Project Management Committee are as under:

- Monitor and review the implementation of the various capital projects, including status of progress, critical area affecting project implementation schedules and
- Over view financing of the projects, capital expenditure budget and project cost incurred.

The Composition of Project Management Committee is as under:

Name of Members	Category
Mr. M Trivedi, Chairman	Independent, Non-executive
Prof. Manoj Kumar Mitra	Independent, Non-executive
Mr. Vinod Kothari	Independent, Non-executive
Mr. N.D. Auddy (IFCI Nominee)	Independent, Non-executive
Mr. S Sonowal (Exim Bank Nominee)	Independent, Non-executive
Mr. R N Pandey	Non-executive
Mr. R K Jena	Non-executive

CODE OF CONDUCT

The Company has adopted a Code of Conduct for members of the Board and senior management personnel of the Company. The Code has also been posted on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of the financial year 2009-10. A separate declaration to this effect is annexed to the Corporate Governance Report.

GENERAL BODY MEETINGS

The last three Annual General Meetings and the Extraordinary General Meeting were held as under

Year Ended	Venue	Date	Time	Special Resolutions Passed
31.03.2009	P. O. Pailan Diamond Harbour Road, 24-Parganas (S), West Bengal-743512	15.09.2009	11.00 A.M.	<ul style="list-style-type: none"> ● Appointment of Mr. Saumitra Banerjee as Director (Operations) of the Company ● Re-appointment of Mr. L K Poddar as Managing Director of the Company
31.03.2008		27.09.2008	11.00 A.M.	None
2008 (EGM)		07.03.2008	11.00 A.M.	<ul style="list-style-type: none"> ● Approval for further issue of securities ● Revision in the remuneration of Managing Director ● Increase in Borrowing Powers ● Creation of Charge
31.03.2007		16.08.2007	11.00 A.M.	—none—

No resolution were put through postal ballot last year. No resolution are placed for shareholder's approval at this Annual General Meeting which requires to be approved through postal ballot.

DISCLOSURES

1. All related party transactions have been disclosed in the Notes to Accounts forming part of this Annual Report. None of the transactions with any of the related parties were in conflict with the interest of the Company.
2. There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-compliance by the Company, on any matter related to capital markets, during the last three years.
3. The company has adopted and complied with all mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement. The company has adopted non-mandatory, requirements under Clause 49 of the Listing Agreement to the extent relating to setting up of Remuneration Committee.
4. The Company has laid down procedures to inform Board Members about the Risk assessment & minimization procedures. These procedures are periodically placed and are reviewed by the Board of Directors. The Company has formulated and implemented a Risk Management Policy for Risk Assessment and Mitigation Procedures.
5. The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India have been followed in preparation of the financial statements of the Company.
6. The Company has not made any capital issues during the financial year.
7. A certificate from the Managing Director and Chief Financial Officer with regard to the Annual Audited Accounts for the financial year ended 31st March, 2010 was submitted to the Board in compliance with Clause 49 of the listing agreement. The certificate is annexed to the Report.
8. There is no Whistle Blower mechanism in the Company.

SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out Secretarial Audit to reconcile the admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

MEANS OF COMMUNICATION

- The quarterly results of the Company were announced within a month of completion of the quarter. Audited annual results along with the results of the fourth quarter were announced within two months of the end of the financial year.
- The quarterly results/ Annual results/ Notices are published in The Financial Express and/or Economic Times and/or The Telegraph (in English) and in Dainik Statesman (in Bengali). The quarterly and annual results as well as the

GONTERMAN N-PEIPERS (INDIA) LIMITED
ANNUAL REPORT 2009-2010

quarter end shareholding pattern is posted at the end of every quarter on the Company's corporate website www.gontermann-peipers.com

- Official news releases are given to the press and to the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.
- Management Discussion and Analysis Report is being presented as a part of the Annual Report.

GENERAL SHAREHOLDERS INFORMATION

1) Annual General Meeting	
Day, date and time Venue	Wednesday, the 25th day of August, 2010, at 11.00 A.M. Registered Office at P.O. Pailan, Diamond Harbour Road, 24-Parganas (South) – 743 512, West Bengal
2) Book Closure Date	Thursday, the 19th day of August, 2010 to Wednesday, the 25th day of August, 2010
3) Dividend Payment Date	On or after 25th August, 2010
4) Financial Calendar	1st April, 2010 to 31st March, 2011
– Annual General Meeting	September, 2011
– Board Meeting for considering Unaudited quarterly results for first three quarters of the financial year ending 31st March, 2011	Within forty five days from the end of each quarter.
– Board Meeting for considering the Audited Results of the financial year ending on 31st March, 2011	Within sixty days from the end of the financial year.
5) Listing of Equity Shares on Stock Exchanges (with Stock Code)	
i) The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata – 700 001	10017005
ii) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	504701

Note : Annual Listing Fees for the year 2010-2011 have been paid to the above Stock Exchanges. The Company has also paid the Annual Custodial Fees to both the Depositories.

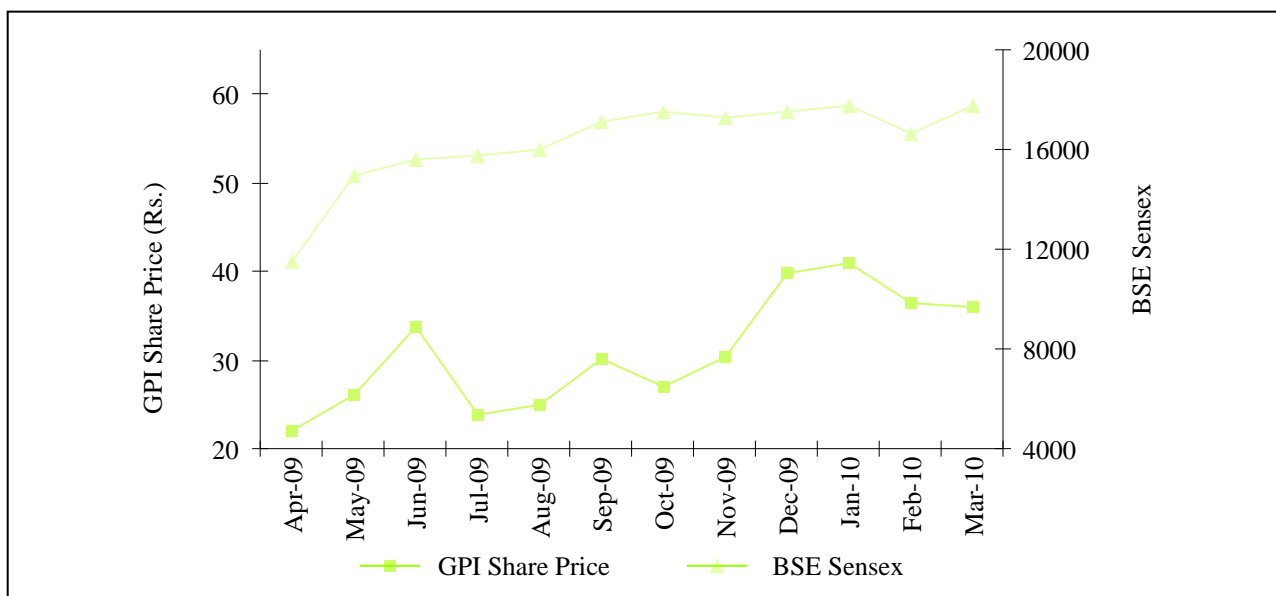
6) Stock Market Data

(i) Market Price

Months	Share Price Data on BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2009 April	22.00	14.00	11492.10	9546.29
May	26.00	14.55	14930.54	11621.30
June	33.70	21.00	15600.30	14016.95
July	23.90	16.55	15732.81	13219.99
August	24.95	19.75	16002.46	14684.45
September	30.05	19.00	17142.52	15356.72
October	27.00	21.55	17493.17	15805.20
November	30.25	20.35	17290.48	15333.56
December	39.90	28.30	17530.94	16577.78
2010 January	40.90	30.45	17790.33	15982.08
February	36.35	28.95	16669.25	15651.99
March	35.90	28.50	17793.01	16438.45

Source : Data relating to the Stock Exchange, Mumbai are taken from www.bseindia.com

(ii) Stock Performance



7) Registrars & Share Transfer Agents

MCS Limited
 77/2A, Hazra Road, Kolkata – 700 029.
 Phone Nos. : (033) 2454-1892/93; Fax No. 91-33-2454 1961
 E-Mail : mscsal@cal2.vsnl.net.in
 (Registered with SEBI as Share Transfer Agent – Category I)

8) Share Transfer System

The Company's Equity Shares are admitted with the Depository System of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as an eligible security under the Depositories Act, 1996. As such, facilities for dematerialisation of the Company's Equity shares is available vide ISIN : INE 530A01026 at both the depositories.

The Company has a Share Transfer & Investors Grievance Committee to look into various issues relating to the investors including share transfers. This Committee of the Board of Directors of the Company meets normally on monthly basis while the delegated authorities attend the transfer formalities. The total number of such meetings held during the year under review was five and the total number of shares physically transferred during the year was 542.

9) Investor Grievance Redressal System

The investor grievances against the Company are handled by the Company's Registrars and Share Transfer Agents, M/s. MCS Limited, Kolkata, in consultation with the Secretarial Department of the Company. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerised to ensure settlement. It normally takes 15 days from the date of receipt of the complaint for disposal of investor grievances.

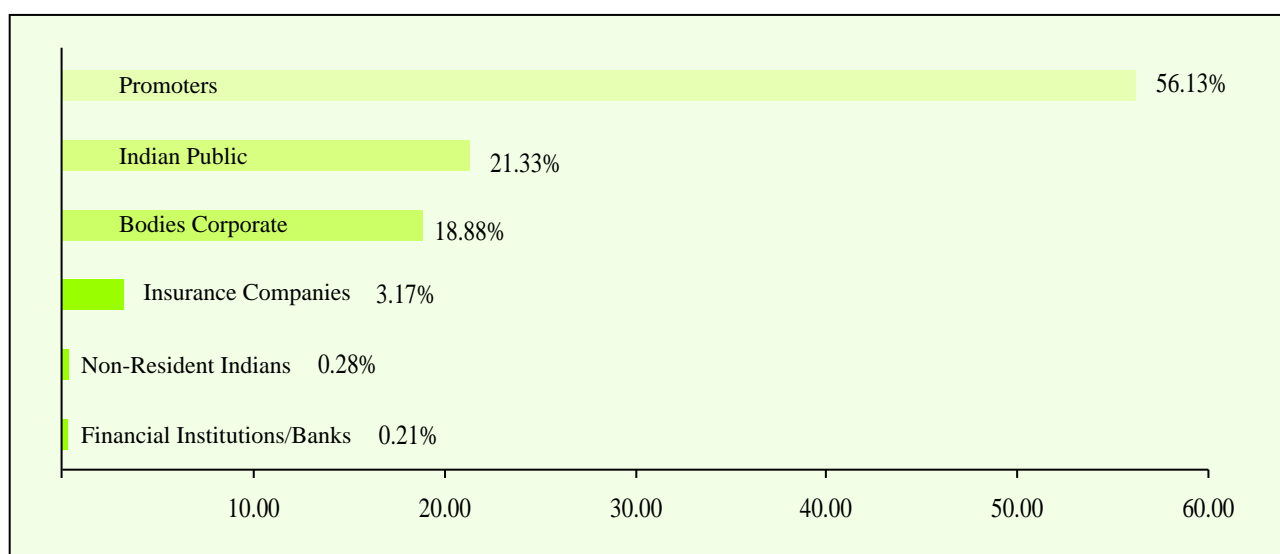
10) Distribution of Equity Shares as on 31st March, 2010

Number of Shares held	No. of Shares	No. of Shareholders	Percentage of Shareholding
1 to 500	549268	5514	3.94
501 to 10000	1723966	823	12.39
10001 to 50000	991699	47	7.13
50001 to 100000	446229	7	3.21
100001 and above	10203838	16	73.33
Total	13915000	6407	100.00

11) (a) Categories of Shareholders as on 31st March, 2010

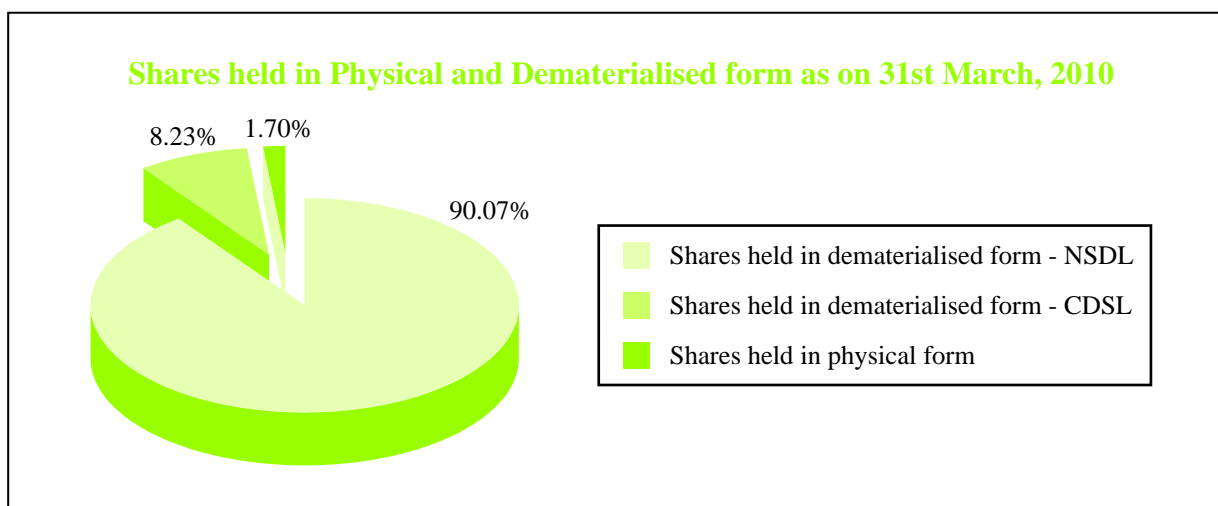
Category	No. of Shares held	% of total shareholding
Promoter Group	78,11,073	56.13
Financial Institution / Insurance Cos./ Banks / Mutual Funds	4,69,849	3.38
Bodies Corporate	26,26,586	18.88
Public & Others	30,07,492	21.61
Total	1,39,15,000	100.00

(b) Shareholding Pattern as on 31st March, 2010



12) Dematerialisation of Shares and Liquidity

Approximately 98.30% of the Equity Shares have been dematerialised upto 31.03.2010. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28.08.2000 as per notification issued by the Securities & Exchange Board of India.



13) There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments which are likely to have impact on the equity of the company.

14) Plant Location

P.O. Pailan, Diamond Harbour Road, 24 Parganas (South), West Bengal – 743 512
Phone Nos. (033) 2453 2455 / 56, 2497 8183 / 8294 / 8462 Fax : 91-33-2497-8313 / 8547 / 8686
E-mail : gpikol@gontermann-peipers.com Website: www.gontermann-peipers.com

15) Address for Investor Correspondence

Mr. S. Subramanian
Company Secretary
Mr. R K Banthia
Asst. Company Secretary
Gontermann-Peipers (India) Limited
P.O. Pailan, Diamond Harbour Road
24 Parganas (S), West Bengal – 743 512
Phone Nos. (033) 2453 2455 / 56,
2497 8183 / 8294 / 8462
Fax : 91-33-2497-8313 / 8547 / 8686
E-Mail : gpikol@gontermann-peipers.com
Web-site : www.gontermann-peipers.com

Unit-in-charge
Unit : Gontermann-Peipers (India) Limited
M/s. MCS Limited
77/2A, Hazra Road,
Kolkata – 700 029.
Phone Nos. : (033) 2454-1892/1893
Fax No. 91-33-2454 1961
E-Mail : mscal@cal2.vsnl.net.in
(Registered with SEBI as Share Transfer
Agent – Category I)

16) Exclusive e-mail ID for redressal of investors' complaints : investor@gontermann-peipers.com

Note : Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

AFFIRMATION OF COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT EXECUTIVES

It is hereby confirmed that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct, laid down by the Board of Directors, for the financial year 2009-2010.

Date : 19th May, 2010

L K Poddar
Managing Director

CEO / CFO CERTIFICATION

We, L.K. Poddar, Managing Director and Mr. R.K. Parakh, Chief Financial Officer of Gontermann-Peipers (India) Limited, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company, pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- (d)
 - (i) There has not been any significant change in internal control over financial reporting during the year ended 31st March, 2010 ;
 - (ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Kolkata
19th May, 2010

L. K. Poddar
Managing Director

R.K. Parakh
Chief Financial Officer

Auditor's Certificate regarding Compliance of Conditions of Corporate Governance

To
The Members of
Gontermann-Peipers (India) Limited

We have examined the compliance of conditions of Corporate Governance by Gontermann-Peipers (India) Limited, for the period from 1st April, 2009 to 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us;

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company, as certified by the share transfer agents of the Company, based on the records maintained by them.

We further state that such compliances are neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Camp : Kolkata
Dated : 19th May, 2010

For V. MALIK & ASSOCIATES
Chartered Accountants
Firm Registration No: 000155N
VIPIN MALIK
Proprietor
Membership No. 80468

AUDITOR'S REPORT TO THE MEMBERS OF GONTERMANN-PEIPERS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **Gontermann-Peipers (India) Limited** as at 31st March 2010 and also the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that: -
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, subject to Note No.1 (i) on Schedule 18 regarding non-accounting of certain income/expenses on accrual basis, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except reported otherwise;
 - (v) On the basis of written representations received from the directors as on 31st March 2010, we report that none of the director is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956. As regards institutional nominee directors, they are exempted from the provisions of Section 274 (1) (g) in view of general circular issued by Department of Company Affairs.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
 - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date, and
 - (iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

Camp : Kolkata
Dated : 19th May, 2010

For V. MALIK & ASSOCIATES
Chartered Accountants
Firm Registration No: 000155N
VIPIN MALIK
Proprietor
Membership No. 80468

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT TO THE MEMBERS OF
GONTERMANN-PEIPERS (INDIA) LIMITED FOR THE YEAR ENDING 31ST MARCH 2010**

- (i) The nature of the Company's business/activities during the year is such that clause (xiii) and (xiv) of the paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year ended 31st March 2010.
- (ii) In respect of its fixed Assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- (iii) In respect of its inventories:-
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) As informed to us, the Company has not granted or taken any secured or unsecured loan to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
- (vi) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that need to be entered in the register.
- (vii) As informed to us, the company has not accepted any deposits from the public within the purview of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (viii) In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
- (ix) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima- facie, the prescribed accounts and records have been maintained. We have not, however made a detailed examination of the records to ascertain whether they are accurate or complete.
- (x) According to information and explanations given to us in respect of statutory and other dues:
 - a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth tax, Custom Duty, Excise Duty, Cess Duty, cess and other statutory dues with the appropriate authorities during the year.
 - b. According to information and explanations given to us, no undisputed amount payable in respect of Income tax, Wealth tax, Sales tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March 2010 for a period of more than six months from the date they became payable.

c. Disputed dues in respect of

Nature of the dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Excise Duty	209.09	1975 to 1986	Hon'ble Calcutta High Court
	4.66	1993-1994	Tribunal (Central Excise)
	1.39	2002-2003	Joint Commissioner (Central Excise)
	8.60	1998-1999	Commissioner Appeal (Central Excise)
	2.00	2007-2008	Asstt. Commissioner (Central Excise)
	2.09	2006-2007	Dy. Commissioner Excise
Sales Tax	10.87	1994-1995	Hon'ble Calcutta High Court
	209.92	2006-2007	Dy Commissioner Appeal.

have not been deposited since the matters are pending before relevant Appellate Authorities.

- (xi) The company does not have accumulated losses as at 31st March, 2010 and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xii) According to information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank.
- (xiii) According to information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to information and explanations given to us, the Company has not given any guarantees for the loans taken by others from banks or financial institutions.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were prima facie applied by the company during the year for the purpose for which the loans were obtained.
- (xvi) According to the information and explanations given to us and on overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xvii) The Company has not made any preferential allotment during the year.
- (xviii) The Company has not raised any money by public issues during the year.
- (xix) To the best of our knowledge and according to information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Camp : Kolkata
Dated : 19th May, 2010

For V. MALIK & ASSOCIATES
Chartered Accountants
Firm Registration No: 000155N
VIPIN MALIK
Proprietor
Membership No. 80468

BALANCE SHEET
AS AT 31st MARCH, 2010

	Schedule	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
SOURCES OF FUNDS			
A. Shareholders' Funds			
a. Share Capital	1	1,523.37	1,523.37
b. Reserves and Surplus	2	9,501.84	9,306.99
		11,025.21	10,830.36
B. Loan Funds			
Secured Loans	3	10,138.91	7,266.63
		10,138.91	7,266.63
C. Deferred Tax Liability			
		582.85	574.02
		21,746.97	18,671.01
APPLICATION OF FUNDS			
A. Fixed Assets			
a. Gross Block	4	19,896.57	19,657.60
b. Less: Depreciation		9,887.47	8,953.50
c. Net Block		10,009.10	10,704.10
d. Capital Work-in- progress		3,745.23	1,107.97
		13,754.33	11,812.07
B. Investments			
	5	111.08	111.08
C. Current Assets, Loans & Advances			
a. Inventories	6	3,568.70	3,504.97
b. Debtors	7	4,909.08	3,922.78
c. Cash and Bank Balances	8	419.30	453.32
d. Loans and Advances	9	2,860.08	1,903.22
		11,757.16	9,784.29
D. Less : Current Liabilities and Provisions			
a. Current Liabilities	10	3,539.91	2,679.21
b. Provisions		335.69	357.22
		3,875.60	3,036.43
Net Current Assets		7,881.56	6,747.86
		21,746.97	18,671.01
Accounting Policies and Notes on Accounts	18		

Schedule 1 to 10 and 18 referred to above
form an integral part of the Balance Sheet
In terms of our attached report of even date
For V. Malik & Associates
Chartered Accountants
Vipin Malik
Proprietor
Camp : Kolkata
Date : 19th May, 2010

S Subramanian
Company Secretary

R K Parakh
President & CFO

For and on behalf of the Board of Directors

M Trivedi
Dr. Shekhar Chaudhuri
Prof. Manoj Kumar Mitra
Vinod Kothari
R N Pandey
S Sonowal
N D Auddy
L K Poddar
S Banerjee

} Directors
Managing Director
Director (Operations)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year Ended 31.03.2010 (Rs. in Lacs)		Year Ended 31.03.2009 (Rs. in Lacs)
INCOME				
Sales/Income from Operations	11	14,367.62		16,436.41
Less : Excise Duty		849.55		1,326.75
		13,518.07		15,109.66
Other income	12	221.16		176.39
		13,739.23		15,286.05
EXPENDITURE				
(Increase) / Decrease in Stocks	13	93.69		61.66
Raw Materials Consumed	14	5,206.76		6,568.13
Stores & Spare Parts Consumed		1,086.58		1,212.75
Power and Fuel		1,527.17		1,504.91
Payments to and Provisions for Employees	15	2,025.74		2,103.50
Other Expenses	16	1,385.50		1,895.13
Interest (Net) and Finance charges	17	888.35		866.09
Depreciation		1,004.25	991.65	
Less : Transfer from Capital Reserve		294.18	354.65	637.00
		12,923.86		14,849.17
PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION				
		815.37		436.88
EXCEPTIONAL ITEMS				
Prior period Items (Net)		3.56		4.41
PROFIT BEFORE TAXATION				
		811.81		432.47
Provision for taxation				
a) Current Tax		287.09		130.77
b) Tax related to earlier years		2.75		1.41
c) Deferred Tax Liability		8.81		23.52
d) Fringe Benefit Tax		—		20.23
PROFIT AFTER TAXATION				
		513.16		256.54
Balance brought forward from last year		4,002.53		3,755.25
APPROPRIATIONS				
Proposed Dividend on Preference Shares		7.91		7.91
Corporate Tax on Dividends		1.35		1.35
BALANCE CARRIED TO BALANCE SHEET				
		4,506.43		4,002.53
Earning per share (Equity Shares of Face Value of Rs. 10/- each)				
- Basic - (in Rs.)		3.62		1.78
- Diluted - (in Rs.)		3.37		1.68
Accounting Policies and Notes on Accounts	18			

For and on behalf of the Board of Directors

Schedule 11 to 18 referred to above
form an integral part of the Profit and Loss Account
In terms of our attached report of even date
For V. Malik & Associates
Chartered Accountants
Vipin Malik
Proprietor
Camp : Kolkata
Date : 19th May, 2010

S Subramanian
Company Secretary

R K Parakh
President & CFO

M Trivedi
Dr. Shekhar Chaudhuri
Prof. Manoj Kumar Mitra
Vinod Kothari
R N Pandey
S Sonowal
N D Auddy
L K Poddar
S Banerjee

} *Directors*

Managing Director
Director (Operations)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	811.81	432.47
Adjustments for :		
Depreciation	710.07	637.00
Interest & Finance Expenses	1,214.28	1,143.85
Loss on Fixed Assets sold/discarded	(13.69)	2.90
Interest Income	(28.07)	(233.84)
Operating Profit before working capital changes	2,694.40	1,982.38
Increase / (Decrease) in trade payables	829.86	(1,278.08)
Decrease / (Increase) in trade & other receivables	(2,037.77)	736.99
Decrease / (Increase) in inventories	(63.74)	185.26
Cash Generated from operations :	1,422.75	1,626.55
Direct taxes (paid) / Received	(209.91)	(605.97)
Net Cash flow from operating activities	1,212.84	1,020.58
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	24.50	1.54
Interest received	42.76	304.53
Purchase of Fixed assets (including for new projects)	(2,972.19)	(1,144.09)
Net cash used in Investing activities	(2,904.93)	(838.02)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	2,221.36	1,090.09
Proceeds from Bank borrowings (for working capital)	1,043.97	327.72
Repayment of loans	(393.04)	(269.69)
Dividend (including Tax on dividend) paid	(9.26)	(253.45)
Interest & Finance charges paid	(1,204.96)	(1,121.57)
Net Cash flow from financing activities	1,658.07	(226.90)
(D) NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	(34.02)	(44.34)
(E) CASH & CASH EQUIVALENTS OPENING BALANCE	453.32	497.66
(F) CASH & CASH EQUIVALENTS CLOSING BALANCE	419.30	453.32

For and on behalf of the Board of Directors

In terms of our attached report of even date

V. Malik & Associates
Chartered Accountants

Vipin Malik
Proprietor

Camp : Kolkata
Date : 19th May, 2010

S Subramanian
Company Secretary

R K Parakh
President & CFO

M Trivedi
Dr. Shekhar Chaudhuri
Prof. Manoj Kumar Mitra
Vinod Kothari
R N Pandey
S Sonowal
N D Auddy
L K Poddar
S Banerjee

} Directors
Managing Director
Director (Operations)

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
2,50,00,000 (1,50,00,000) Equity Shares of Rs 10/- each	2,500.00	2,500.00
50,00,000 (50,00,000) Preference Shares of Rs. 10/- each	500.00	500.00
Issued, Subscribed and paid up		
1,39,15,000 (1,39,15,000) Equity Shares of Rs10/- each Fully Paid Up	1,391.50	1,391.50
Note : Of the above, 62,533 Equity shares have been allotted as fully paid up shares pursuant to a contract without payment being received in cash.		
1318700 (1318700) 6% Cumulative Optionally Convertible Redeemable Preference Shares(COCRPS) of Rs. 10/- each fully paid up (Redeemable at par in two equal annual instalments commencing from 2013)	131.87	131.87
	1,523.37	1,523.37
SCHEDULE 2		
RESERVES AND SURPLUS		
Revaluation Reserve		
As per last Account	4,349.07	4,703.72
Less : Transfer to Profit & Loss Account towards additional Depreciation on revalued assets	294.18	354.65
Adjustment on account of Assets discarded / sold during the year	14.87	—
	4,040.02	4,349.07
Capital Investment Subsidy	172.58	172.58
General Reserve	80.00	80.00
Share Premium Account	702.81	702.81
Surplus as per Profit & Loss Account	4,506.43	4,002.53
	9,501.84	9,306.99

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
SCHEDULE 3		
SECURED LOANS		
a) Term Loans from Financial Institutions & Banks		
Foreign Currency Loans	201.78	343.85
Rupee Term Loans	4,262.91	2,182.20
(Secured by a pari- passu first charge on the Company's immovable properties and hypothecation of all the moveable properties (save and except book debts) both present and future, together with interest and all other monies payable in respect thereof, subject to prior charges created and/or to be created in favour of the Company's bankers on the stocks and book debts for securing borrowings for working capital requirements).		
B) Under Equipment Finance/Refinance scheme		
Rupee loan		
(Secured by an exclusive charge on the assets purchased / to be purchased under the Scheme).		
	56.00	166.33
C) From Scheduled banks		
On Cash Credit/Packing Credit Account		
(Secured against Hypothecation of Raw Materials, Finished Goods, Stock in Process, Stores & Spare Parts, Trade bills, Movables etc. and Guarantee of two Directors of the Company and joint mortgage through second charge on the immoveable properties of the Company).		
	5,618.22	4,574.25
	10,138.91	7,266.63

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 4

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 01.04.2009	ADDITION	DEDUCTION	AS AT 31.03.2010	UPTO 01.04.2009	FOR THE PERIOD	DEDUCTION	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
LAND	2,318.70	—	—	2,318.70 a	—	—	—	—	2,318.70	2,318.70
BUILDINGS	2,964.03	55.44	—	3,019.47	830.18	95.60	—	925.78	2,093.69	2,133.85
PLANT & MACHINERY	13,312.78	120.04	67.14	13,365.68 b	7,809.98	747.28	47.66	8,509.60	4,856.08	5,502.80
FURNITURE, FIXTURE & OFFICE EQUIPMENT	420.45	28.23	19.16	429.52	212.73	37.39	17.61	232.51	197.01	207.72
VEHICLES	108.32	24.87	9.65	123.54 c	34.73	10.80	5.01	40.52	83.02	73.59
<i>Intangible Assets</i>										
COMPUTER SOFTWARE	481.28	106.34	—	587.62	58.19	102.77	—	160.96	426.66	423.09
TECHNICAL KNOWHOW	52.04	—	—	52.04	7.69	10.41	—	18.10	33.94	44.35
	19,657.60	334.92	95.95	19,896.57	8,953.50	1,004.25	70.28	9,887.47	10,009.10	10,704.10
CAPITAL WORK-IN-PROGRESS	1,107.97	2,757.97	120.71	3,745.23	—	—	—	—	3,745.23	1,107.97
TOTAL	20,765.57	3,092.89	216.66	23,641.80	8,953.50	1,004.25	70.28	9,887.47	13,754.33	11,812.07
PREVIOUS YEAR'S TOTAL	19,629.92	2,131.71	996.06	20,765.57	7,965.84	991.65	3.99	8,953.50	11,812.07	

- (a) Title deeds for land valuing Rs.15.09 lacs are yet to be executed in favour of the company
(b) Includes Rs.23.20 lacs being the value of fixed assets not owned by the company
(c) Includes Rs. Nil (Rs. 25.88 Lacs) being assets purchased under hire purchase scheme.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
SCHEDULE 5		
INVESTMENTS		
LONG TERM (Other than trade)		
Unquoted Government Securities		
7 years National Savings Certificates (Lodged with Central Excise Department as Security; Matured pending encashment)	0.02	0.02
Quoted		
6,66,400 Equity Shares of Rs.10/- each in Ispat Industries Limited	66.64	66.64
4,44,266 Preference Shares of Rs.10/- each in Ispat Industries Limited	44.42	44.42
	111.08	111.08
Aggregate Book Value of Investments.		
Unquoted	0.02	0.02
Quoted	111.06	111.06
	111.08	111.08
Aggregate Market Value of Quoted Investments.		
	142.39	82.03
SCHEDULE 6		
INVENTORIES		
At Cost or Net Realisable value whichever is lower		
Raw Materials (including in transit and materials lying with third parties)	1,033.99	1,016.87
Stores & Spare parts	515.62	382.06
Process Stock	748.41	571.16
Finished Stock	328.44	798.65
Chillers & Moulds	445.63	419.63
At Estimated Realisable Value		
Rotation Scrap	496.61	316.60
	3,568.70	3,504.97
SCHEDULE 7		
DEBTORS (Unsecured, Considered Good except otherwise stated)		
Debts outstanding for a period exceeding six months	1,065.14	914.29
Less - Provision for doubtful debts	<u>163.34</u>	<u>170.22</u>
Other Debts	4,007.28	3,178.71
	4,909.08	3,922.78

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in Hand	1.73	1.38
With Scheduled Banks in:		
Current Accounts.	46.50	54.01
Unpaid Dividend Account	0.87	0.88
Fixed Deposit Account	370.20	397.05
(Receipts lying with the banks as security against guarantees/letters of credit issued by them)		
	419.30	453.32
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, Considered Good except stated otherwise)		
Interest Receivable on Loans, Deposits etc.	15.09	29.78
Interest Subsidy Receivable	100.00	100.00
Advances recoverable in cash or in kind or for value to be received * or pending adjustments.	2,442.34	1,395.86
Less - Provision for doubtful debts	36.71	—
Export Benefits Receivable	223.43	163.69
Advance Payments of Tax, Tax Deducted at Source and refunds receivable (less provisions)	4.83	84.75
Balance with Central Excise Authorities	108.05	126.26
Deposits	3.05	2.88
* Including capital advances Rs. 1607.11 Lacs (RS. 1086.85 Lacs)		
	2,860.08	1,903.22
SCHEDULE 10		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	1,113.91	1,059.55
Sundry Creditors for Goods, Services, Expenses etc.	2,005.19	1,282.63
Advance from Customers	192.93	97.44
Other Liabilities	155.00	176.01
Interest Accrued but not due on Loans	72.01	62.70
Unclaimed Dividend	0.87	0.88
	3,539.91	2,679.21
PROVISIONS		
For Gratuity	45.56	56.49
For Leave encashment	82.87	93.47
For Warranty Charges	198.00	198.00
For Proposed Dividend	7.91	7.91
For Tax on Proposed Dividend	1.35	1.35
	335.69	357.22
	3,875.60	3,036.43

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year Ended 31.03.2010 (Rs. in Lacs)	Year Ended 31.03.2009 (Rs. in Lacs)
SCHEDULE 11		
SALES/INCOME FROM OPERATIONS		
Finished Goods	14,040.75	16,147.65
Miscellaneous Sales	267.00	155.54
Processing Charges (TDS Rs. 2.21 Lacs (Rs. 2.86 Lacs))	59.87	133.22
	14,367.62	16,436.41
SCHEDULE 12		
OTHER INCOME		
Insurance Claims	188.19	57.56
Unclaimed Balances, Unspent Liabilities & Provisions no longer required written back	0.96	26.55
Profit on Fixed Assets Sold/Discarded (Net)	13.69	—
Exchange Rate Difference (Net)	17.91	—
Miscellaneous Receipts	0.41	92.28
	221.16	176.39
SCHEDULE 13		
(INCREASE)/ DECREASE IN STOCKS		
Opening Stock		
– Finished Goods	798.65	765.85
– Process Stock	571.16	753.19
– Chiller and Moulds	419.63	204.96
– Rotation Scrap	316.60	167.20
	2,106.04	1,891.20
Add : Purchases of Chillers & moulds	6.74	276.50
	2,112.78	2,167.70
Less :Closing Stock		
– Finished Goods	328.44	798.65
– Process Stock	748.41	571.16
– Chiller and Moulds	445.63	419.63
– Rotation Scrap	496.61	316.60
	2,019.09	2,106.04
	93.69	61.66
SCHEDULE 14		
RAW MATERIALS CONSUMED		
Opening Stock	1,016.87	1,328.59
Add: Purchases (including Procurement Expenses)	5,228.36	6,261.45
	6,245.23	7,590.04
Less : Sales	4.48	5.04
Closing Stock	1,033.99	1,016.87
	5,206.76	6,568.13

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year Ended 31.03.2010 (Rs. in Lacs)		Year Ended 31.03.2009 (Rs. in Lacs)
SCHEDULE 15			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages and Bonus	1,575.99		1,651.62
Contribution to Gratuity Fund	45.56		56.49
Contribution to Provident and other Funds (including Administrative Charges)	191.43		191.26
Workmen and Staff Welfare Expenses	212.76		204.13
	2,025.74		2,103.50
SCHEDULE 16			
OTHER EXPENSES			
Repairs & Maintenance:-			
Plant and Machinery	58.39		50.02
Buildings	36.26		26.30
Others	58.43		41.64
Processing Charges	101.64		98.13
Payment to Statutory Auditors:-			
Audit Fees	4.00		4.00
In other Capacity for Company Law & Other Matters	1.35		1.35
Tax Audit	1.00		1.00
Re- imbursement of expenses	0.78		0.75
Cost Audit Fees	0.17		0.17
Commission on Sales	197.27		248.98
Rent & Hire Charges	2.88		0.60
Travelling & Conveyance	173.17		173.97
Irrecoverable Debts, Claims and Advances Written off	51.78	164.66	
Less : Adjusted against Provision for Doubtful Debts	6.88	59.57	
Provision for doubtful Debts & Advances	36.71		163.34
Insurance	31.73		29.83
Rates & Taxes	4.57		5.79
Sales Tax	0.15		1.98
Packing, Forwarding & Transport Charges	310.30		400.22
Donation	0.20		0.28
Directors' Fees	6.85		8.80
Communication Expenses	20.08		25.43
Advertisement	7.63		15.64
Loss on Fixed Assets Sold/Discarded (Net)	—		2.90
Exchange Rate Difference (Net)	—		225.46
Miscellaneous Expenses	287.04		263.46
	1,385.50		1,895.13
SCHEDULE 17			
INTEREST (NET) AND FINANCE CHARGES			
Interest on Fixed Loans	396.13		187.16
Interest on Other Loans	707.38		785.88
Bank /Finance Charges	110.77		170.81
	1,214.28		1,143.85
Less: Interest Capitalised	297.86		43.92
	916.42		1,099.93
Less: Interest at Credit			
From Banks and Others (Including Interest Subsidy of Rs. Nil (195.78 Lacs) [TDS Rs. 4.21 Lacs (Rs. 8.02 Lacs)]	28.07		233.84
	888.35		866.09

GONTERMANN-PEIPERS (INDIA) LIMITED
SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNT AS AT AND FOR
THE YEAR ENDED 31ST MARCH 2010

SCHEDULE - 18

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Accounting Policies

i) System of Accounting

The Company prepares its accounts on accrual basis, in accordance with the normally accepted accounting principles. The following however are exceptions:-

- a) Insurance claims and interest on overdue payments from customers, due to uncertainty in realisation, are accounted for on actual receipt basis.
- b) Interest on overdue payments to suppliers is accounted for on actual payment/acceptance basis.
- c) Customer's claims against the company for replacement of rolls etc. are accounted for on final settlement of the claims.
- d) Estimated liability in respect of performance of Rolls is provided for based on past experience and historical data.

ii) Revenue Recognition

Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers, which generally coincides with delivery.

iii) Fixed Assets

- a) Fixed Assets are stated at the cost of acquisition inclusive of duties, taxes, incidental expenses, erection/commissioning and interest etc. for the period up to the date of commencement of commercial production or up to the date the asset is put to use.
- b) In case of revaluation of Fixed Assets, the original cost is written up by the revalued figure. The revalued figure is considered in the accounts and the differential amount is transferred to Capital Reserve.
- c) Contribution made/expenses incurred for creation of fixed assets not owned by the Company are capitalised and depreciated over a period of 5 years.
- d) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular are capitalised and depreciated over the residual life of the respective assets.
- e) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

iv) Depreciation

- a) Depreciation on original & revalued assets are provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- b) The classification of Plant & Machinery into continuous and non-continuous process has been carried out as per technical certification. Depreciation thereon, has been provided accordingly during the year.

- c) Depreciation on assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal of the respective assets.
- d) The difference between depreciation on the revalued amounts and original cost is transferred from Capital Reserve to Profit & Loss Account.
- e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

v) Intangible Assets

Expenditure incurred on rights/properties, where benefit is expected to flow in future, is disclosed as intangible assets.

Expenditure incurred on cost of acquisition of new software package and implementation thereof are amortised over a period of 5 years on Straight Line Method.

vi) Investments

- a) Current Quoted Investments are stated at lower value of “at cost” or “market rate” on individual investment basis.
- b) Unquoted /long term investments are considered “ at cost”, unless there is a permanent decline in the value thereof, in which case adequate provision is made against the diminution in the value of Investment.

vii) Foreign Currency Transactions

- a) Foreign Currency Transactions are recorded on the basis of exchange rates prevailing on the date of transaction.
- b) Foreign currency assets and liabilities (other than those covered by forward contracts) as on the Balance Sheet date are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising therefrom is adjusted to the cost of fixed assets or Profit & Loss Account, as the case may be.
- c) In case of transactions covered by forward contracts, the difference between the contract rate and the exchange rate prevailing on the date of transaction, is adjusted to the cost of fixed assets or Profit and Loss Account, proportionately over the contract period.

viii) Research and Development

Research and Development expenditure of revenue nature are charged to Profit & Loss Account, while Capital Expenditure are added to the cost of fixed assets in the year in which these are incurred.

ix) Inventory Valuation

- a) Finished and semi finished inventories are valued at cost derived by activity based accounting or net realizable value whichever is lower.

Raw material & other inventories are valued at cost on weighted average basis or net realisable value whichever is lower. Cost of inventories comprise of costs of purchases, cost of conversion and other cost incurred in bringing the inventory to present location and condition.

- b) Rotation scrap is valued at estimated realisable value. The Scrap roll receivable against free replacement of rolls to customers is considered in stock on actual receipt.

x) Customs & Excise Duty

The company accounts for Excise Duty at the point of manufacture of finished goods. Similarly, Custom Duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

xi) Earning per Share

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xii) Retirement Benefits

- a) The Company funds the incremental Gratuity liability for its employees on the basis of actuarial valuation.
- b) Leave liability to employees is accounted for on actuarial valuation basis.

xiii) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

xiv) Taxation

Provision for Income Tax comprises of current tax and deferred tax charged or released. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognized unless there is “virtual certainty” that sufficient future taxable income will be available against which such deferred tax asset will be realized.

xv) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.

(Rs in Lacs)

	2009-2010	2008-2009
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)	1991.42	1916.16
3. Contingent Liabilities not provided for in respect of: -		
(i) Outstanding Bank Guarantees	946.01	709.38
(ii) Bills discounted with banks	435.99	161.35
(iii) Central Excise claims against show cause notices being disputed by the company	227.84	220.85
(iv) Sales Tax demands for earlier years being disputed by the Company	220.79	177.91
(v) Maximum demand charges payable to West Bengal State Electricity Board to the extent and up to the period disputed by the company, against which a case is pending with Hon'ble Calcutta High Court.	208.88	208.88
(vi) Customs Duty demand against import of a machine, being contested by the Company	1.50	1.50
(vii) Capital goods imported under E.P.C.G. scheme without payment of customs duty against future export obligations.	467.34	300.23
4. The Company's Land, Building and Plant & Machinery were revalued as on 31st March, 2007 by the consultants, wherein company's land has been valued on present market value and Building, Plant and Machinery has been valued on depreciated replacement cost basis resulting in to a net increase in the book value of such assets and capital reserve by Rs.4399.17 lacs.		

5. Sales are net of claims aggregating to Rs.298.34 lacs (Rs.207.64 lacs) but includes foreign exchange fluctuation Rs. 12.72 lacs (Rs. – 368.91 lacs)
6. The company has incurred the following expenditure on Research & Development during the year.

(Rs in Lacs)

Particulars	2009-2010	2008-2009
a) Capital expenditure	35.33	–
b) Revenue expenditure	59.04	1.49

7. Sundry Creditors include Rs. Nil (Rs. Nil) due to small scale and ancillary industrial undertakings to the extent such parties have been identified from the available documents/information.
8. Term loans installments (secured / unsecured) falling due for payment within one year aggregate to Rs. 297.39 lacs (Rs. 764.64 lacs).
9. Details of remuneration paid to whole-time Directors :

(Rs in Lacs)

Particulars	2009-2010	2008-2009
i) Salary and allowances	141.71	159.40
ii) Contribution to Provident & Other Funds	8.17	9.00
iii) Perquisites	5.52	5.47
	155.40	173.86

10. Profit/loss on sale of raw materials, stores etc. have been included/adjusted in the respective consumption accounts.
11. Deferred Tax Liabilities (Net) :

(Rs in Lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability	822.76	830.08
Difference in block and tax depreciation		
Less : Deferred Tax Assets		
Timing Difference U/S 43 B	104.61	130.89
Other deferred Tax Assets	135.30	125.17
Net Deferred Tax Liability	582.85	574.02

12. There is no indication of any impairment based on external/internal factors and hence no provision for the impairment loss has been recognized in terms of Accounting Standard 28 Impairment of Assets, issued by The Institute of Chartered Accountants of India.

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13. In accordance with the Accounting policy and Accounting Standard -29, provision has been made for estimated warranty liability in respect of rolls sold to customers. The details of the same is as under –

(Rs in Lacs)

Sl. No.	Particulars	2009-2010	2008-2009
a.	Opening warranty provision	198.00	198.00
b.	Provision made during the year	298.34	207.64
c.	Less: Amount of warranty claims settled during the year	298.34	207.64
d.	Closing warranty provision	198.00	198.00

14. Basis for calculation of basic & diluted earnings per share is as under:

(Rs in Lacs)

Sl. No.	Particulars	2009-2010	2008-2009
A	Profit/ (Loss) after Taxation (Rs in lacs.)	513.16	256.54
B	Present weighted average number of equity shares (Rs.10 each)	139.15	139.15
C	Potential weighted average number of equity shares (Rs.10 each)	13.19	13.19
D	Total (Present & Potential) weighted average number of equity shares (Rs.10 each)	152.34	152.34
E	Basic Earnings per Share (Rs.)	3.62	1.78
F	Diluted earning per share (Rs.)	3.37	1.68

15. Segment Information

The Company's segment information as at and for the period ended 31st March 2010 are as below:

Rs in Lacs

Sl. No.	Particulars	2009-2010	2008-2009
1	Segment Revenue		
	a) Cast Roll Division	10691.65	13051.00
	b) Forge Roll Division	3675.97	3385.41
	Sales / Income from Operations	14367.62	16436.41
2	Segment Results		
	<i>Profit/(Loss) before Tax and Interest & Finance charges from each segment</i>		
	a) Cast Roll Division	842.62	724.28
	b) Forge Roll Division	857.54	574.28
	Less : Interest & Finance charges	888.35	866.09
	Profit / (Loss) before Tax	811.81	432.47
	Less : Provision for Taxation	289.84	152.41
	Less : Provision for Deferred Tax	8.81	23.52
	Profit / (Loss) After Tax	513.16	256.54
3	Capital Employed		
	a) Cast Roll Division	18034.46	14515.10
	b) Forge Roll Division	3712.51	4155.91
	Total	21746.97	18671.01

16. Related Party Disclosures

a) Name of the related parties

Persons having a direct or indirect control over the company	None
Subsidiary Company	None
Associate Companies & Joint Ventures	None
Key Management Personnel and their Relative	Mr. Pramod Mittal Mr. V K Mittal Mr. L K Poddar Mr. J Barman, (upto 30th April, 2009) Mr S Banerjee
Enterprises over which Key Management Personnel / Shareholders / Relatives have Significant influence **	Ispat Industries Ltd. Global Steel Holdings Ltd Balasore Alloys Ltd. Delta Steel Company Plc Global Steel Philippines Plc Ispat Steel Holdings Ltd. Ispat Holdings (P) Ltd. Ispat Finance Ltd. Mudra Ispat Ltd. Denro Holdings (P) Ltd. Mita Holdings (P) Ltd. Goldline Tracom (P) Ltd. Kartik Credit (P) Ltd. Ushaditya Investments (P) Ltd Elephanta Gases Ltd. Geetapuram Port Services Ltd. Navdisha Real Estate Pvt Ltd. Navoday Niketan Pvt Ltd Navoday Highrise Pvt Ltd

*The parties stated are related parties in the broader sense of the item and are included for making the financial statements more transparent.

b) Related party Disclosures

(Rs. in Lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Share Holders / Relatives have significant influence	Total
Sale of Finished goods:			
Ispat Industries Ltd.		2037.22 (1927.29)	2037.22 (1927.29)
Delta Steel Company Plc		33.67 (0.00)	33.67 (0.00)
Purchases of raw materials:			
Ispat Industries Ltd.		5.20 (131.34)	5.20 (131.34)
Global Steel Philippines Plc		275.25 (0.00)	275.25 (0.00)
Salary / Managerial Remuneration:			
Mr. L. K. Poddar	132.64 (141.90)		132.64 (141.90)
Mr J. Barman	11.32 (31.96)		11.32 (31.96)
Mr. S. Banerjee	11.45 (0.00)		11.45 (0.00)
Balance outstanding as at the year end Debit			
Ispat Industries Ltd.		1376.81 (805.54)	1376.81 (805.54)
Delta Steel Company Plc		209.34 (0.00)	209.34 (0.00)
Global Steel Philippines Plc		144.61 (0.00)	144.61 (0.00)

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17. Additional information under Part II of Schedule VI to the Companies Act, 1956 :

(A) Capacities and Production	Unit	Licensed +	Installed Capacity	Production (MT)
Class of Products				
(i) Iron & Steel base rolls (including high carbon and high chrome centrifugal compound rolls)	MT	N.A. (N.A.)	12000 (12000)	7522 (8514)
(ii) Steel Ingots	MT	N.A. (N.A.)	70500 (70500)	NIL (NIL)
(iii) Forged Rolls	MT	N.A. (N.A.)	3300 (3300)	1372 (1177)

+ Not applicable in view of the de-licensing policy of the Government.

	Qty. MT	2009-2010 (Rs in Lacs)	Qty. MT	2008-2009 (Rs in Lacs)
(B) Turnover				
i. Iron & Steel Base Rolls	7851	10424.65	8429	12957.80
ii. Forged Roll	1448	3616.10	1174	3189.85
(C) Stocks				
i. Iron & Steel Base Rolls				
Closing Stock	266	249.57	595	559.43
Opening Stock	595	559.43	510	535.22
ii. Forged Roll:				
Closing Stock	48	78.87	124	239.22
Opening Stock	124	239.22	121	230.64
(D) Raw Materials Consumed:				
i. Scrap (Excluding Rotation Scrap)	8691	1874.72	8725	2352.84
ii. Nickel/Ferro Nickel/Nickel bearing scrap.	77	887.92	85	1174.41
iii. Nickel Magnesium	18	144.55	12	125.04
iv. Ferro Alloys	495	698.85	545	1249.89
v. Fluxes and other Materials	247	97.68	279	90.79
vi. Forged Blanks	2230	1503.04	2004	1575.16
		5206.76		6568.13

	2009-2010		2008-2009	
	Qty. (%)	Value (Rs in Lacs)	Qty. (%)	Value (Rs in Lacs)
(E) Value of Raw materials, Stores and Spare Parts etc. consumed (including debited under other heads)				
i. Raw Materials				
Imported	19.80	1031.06	15.57	1022.59
Indigenous	80.20	4175.70	84.43	5545.54
ii. Stores and Spare Parts				
Imported	2.29	24.86	6.04	73.23
Indigenous	97.71	1061.72	93.96	1139.52

	2009-2010		2008-2009	
	Qty. (%)	Value (Rs in Lacs)	Qty. (%)	Value (Rs in Lacs)
(F) Value of Imports on C.I.F. Basis				
Raw Material		680.83		1180.50
Components & Spares		66.33		73.52
Capital Goods		1992.08		55.00
(G) Expenditure in Foreign Currency				
Travelling		41.87		27.62
Commission		54.26		95.47
Interest		21.06		13.50
Others		42.87		5.19
(H) Earnings in Foreign Currency Export of goods on F.O.B basis (Including through third parties)		3579.44		4886.81
(I) Non-resident Shareholding and remittance in Foreign Currency on account of Dividend				
(i) Number of Non-resident Shareholders		41		75
(ii) Number of Shares		25,77,643		26,44,104
(iii) Year to which Dividend relates		—		2007-08
(iv) Amount remitted (Net of Tax)		—		—

18. Previous period's figures, which are given in brackets, have been re-grouped/re-arranged wherever necessary.

Signatories to Schedules 1 to 18

In terms of our attached report of even date
For V. Malik & Associates
Chartered Accountants
Vipin Malik
Proprietor
Camp : Kolkata
Date : 19th May, 2010

S Subramanian
Company Secretary

R K Parakh
President & CFO

For and on behalf of the Board of Directors

M Trivedi
Dr. Shekhar Chaudhuri
Prof. Manoj Kumar Mitra
Vinod Kothari
R N Pandey
S Sonowal
N D Auddy
L K Poddar
S Banerjee

} *Directors*

*Managing Director
Director (Operations)*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (As per Schedule VI, Part IV of the Companies Act, 1956)

1. Registration Details

Registration No State Code
Balance Sheet Date

2. Capital Raised during the year (Amount in Rs. thousands)

Public Issue
Right Issue
Bonus Issue
Private Placement
Preference Shares

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserve & Surplus
Secured Loans Unsecured Loans

Application of Funds

Net fixed Assets Investments
Net Current Assets

4. Performance of Company (Amount in Rs. thousands)

Gross Turnover * Total Expenditure
Profit/ (Loss) before Tax Profit/ (Loss) after Tax
Earning per share in Rs. Dividend **
Basic
Diluted

* Includes Export Benefits.

** Includes Corporate Tax on Dividend.

5. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code
Description Rolls for Rolling Mill

For and on behalf of the Board of Directors

M Trivedi
Dr. Shekhar Chaudhuri
Prof. Manaj Kumar Mitra
Vinod Kothari
R N Pandey
S Sonowal
N D Auddy
L K Poddar
S Banerjee
Directors
Managing Director
Director (Operations)

Place : Kolkata
Date : 19th May, 2010

S Subramanian
Company Secretary

R K Parakh
President & CFO

Modern Management Initiatives



**ISO 14001/OHSAS
Certification Audit**

**Nakano San, Board Member,
JIPM-S Auditing
TPM activities**



IMEA Audit