



BURNPUR CEMENT LIMITED

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CIN No. : L27104WB1986PLC040831

January 04, 2019

To The Corporate Relationship Department BSE Limited PhirozJeejeebhoy Towers, Fort Dalal Street Mumbai – 400 001 Script Code - 532931	To National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block-G BandraKurla Complex, Bandra (E) Mumbai – 400 051 Script Code - BURNPUR
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Ref: - Clarification on News Paper Publication in Business Standard, Kolkata dated 04th January, 2019 under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We refer to the above newspaper article attached herein and would like to clarify that the company has not received any communication/notice from MCA or connected organisation, We would like to assure that the company is regular in compliance with requirements of listing Regulations and all other laws which are applicable & follows best corporate practices. The company's deteriorating financial position has been adequately dealt in the published financial information (Annual Report) including action being taken towards protecting the interest of the stakeholders.

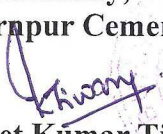
Further, we deny certain content in the news paper's publication and following are our submission:

1. We have not received any communication from Union Ministry of Corporate Affairs (MCA) regarding any financial irregularities or anomalies.
2. We have not been contacted from the news paper agency for any response to the queries on this subject matter.
3. The company got listed on stock exchanges in the 2008-09 not in 2001.
4. The plant is currently running on 80 to 90% of its capacity employing not more than 200 workers.
5. Despite of all the challenges including cancellation of mines and financial crunch, we are in continuous communication with the Financial Creditors to solve these issues and working hard to revive the company and to protect the interest of all the stakeholders.

Assuring our best attention as all times.

Thanking you,

Yours Faithfully,
For Burnpur Cement Limited


Indrajeet Kumar Tiwary
Company Secretary

Encl: As above

MCA finds serious irregularities in accounts of Burnpur Cement

Ministry recommends further probe 'to safeguard interests of public shareholders'

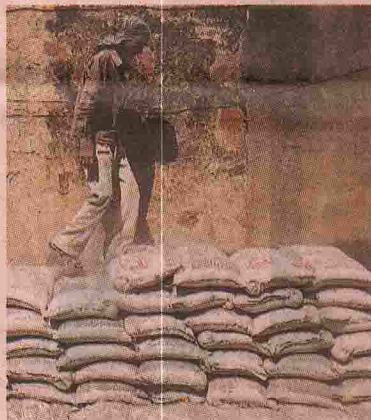
VEENA MANI & AVISHEK RAKSHIT
New Delhi/Kolkata, 3 January

A preliminary inquiry by the Union ministry of corporate affairs (MCA) has found serious financial irregularities in Kolkata-based Burnpur Cement.

According to sources in the ministry, the inquiry was conducted by the MCA's regional director. In a communication to the head office in Delhi, viewed by *Business Standard*, the regional director said, "After a close perusal of financial statements and other related documents, serious irregularities and anomalies were observed."

The regional director has recommended a further probe of the listed company, to safeguard the interests of public shareholders. The communication — recommending that Section 208 of the Companies Act be invoked — also mentions a rapid deterioration of the company's financial health. If the section is invoked, the company would be barred from making any interest payments without prior permission of the government.

Burnpur Cement did not respond to a query on the subject from this publi-



The company had accumulated a loss of ₹103 crore as on end-March, 2018, according to its annual report

cation. Bankers which have lent to the company are State Bank of India, Central Bank of India, West Bengal Finance Corporation and United Bank of India. The company officially became a non-performing asset in 2016. According to the latest audit report, the management is in talks with banks for a one-time settlement.

The company had accumulated loss of ₹103 crore as on end-March, 2018, according to its annual report. In the annual report for 2017-18, it stated there was inventory worth almost ₹13 crore. The company was incorporated in 1986 and started operations in 1991, with a cement plant set up at Asansol in West Bengal. It got listed on the bourses in 2001. Depending on the Jharkhand government's allocation of a limestone mine for its captive use, Burnpur Cement had in 2015 commissioned a second plant, at Patratu in the state, investing ₹300 crore. However, the Mines and Minerals (Development and Regulation) Amendment Bill of 2016 and a subsequent ruling from the Supreme Court cancelled this allocation, when the plant was on the verge of starting production. As a result, the plant ran dry for want of raw material and financial stress began.

A source said this mine was originally allotted to Steel Authority of India (SAIL) but it was found that the quality of limestone from there was not steel-grade. It was then given up to the Jharkhand government in 2011. At that point, Burnpur Cement started negoti-

ating for mining rights there. The state government allotted it in 2015, subject to approval of the Centre. However, the amendment to mining policy, making auction of mine leases mandatory, was enacted the following year, before any clearance. "The banks also realise that the financial stress on Burnpur Cement is because of a change in policy. Substantial investment was made to put up this plant and when it was supposed to start production, the mine (allotment) was cancelled," a ministry source said. Banks had lent ₹200 crore for the plant, on which ₹30 crore of (unpaid) interest has accumulated.

To finance the proposed loan restructuring, Burnpur Cement is in talks to bring in a private equity investor, beside selling some of its preferential shares. A source said it was also in talks with ElectroSteel, which has a nearby plant, and other power generation companies to source fly ash and granulated slag, from which cement can be made. And, negotiating with other slag-makers.

Having a capacity to produce 800 tonnes a day, the plant is currently operating at half this much, employing 1,000 workers.