

## REPORT ON CORPORATE GOVERNANCE

Gujarat Metallic Coal & Coke Limited

### 1. Philosophy of Corporate Governance :

The Company believes that Corporate Governance is a systematic process by which companies are directed and controlled keeping in mind the long-term interest of the stakeholders. It firmly believes that good Corporate Governance is the foundation of corporate excellence. A report as per clause 49 of the Listing Agreement with the Stock Exchange for the 15 months period ended 30th June, 2011 is given below :

### 2. Board of Directors :

#### Composition and category

The Board of Directors of the Company consists of persons with professional expertise. The present constitution of the Board comprises of :

- One Promoter, Executive Director
- One Promoter, Non Executive Director
- Two Independent, Non Executive Directors

The following table indicates the composition of the board of directors and other directorships/ memberships of the committees held by them.

Name of the Director	Category	No. of other Directorships in public Limited Companies	No. of other Board/ Committee position as	
			Member	Chairman
Mr. Dinesh Chandra Bajoria	Executive Chairman Non-Independent	Nil	Nil	Nil
Mrs. Kanta Bajoria	Non-Executive Non-Independent	Nil	Nil	Nil
Mr. Rajiv Chamaria	Non-Executive/ Independent	6	1	1
Mr. Hironmoy Chatterjee	Non-Executive/ Independent	Nil	Nil	Nil

1. *Directorship in Foreign Companies, Private Limited Companies and Companies covered under section 25 of the Companies Act, 1956 have not been considered.*
2. *Only the positions held in other Committees, such as audit, remuneration and shareholders' grievance committee in Indian Public Limited Companies have been considered.*

#### Meetings and Attendance of Directors

During the period of Fifteen months ended 30th June 2011, 17 (Seventeen) meetings were held by the Board of Directors. These meetings were held on 9th April, 2010, 29th May, 2010, 26th July, 2010, 30th July, 2010, 25th August, 2010, 10th September, 2010, 13th November, 2010, 19th November, 2010, 24th November, 2010, 10th December, 2010, 12th February, 2011, 8th March, 2011, 23rd March, 2011, 7th April, 2011, 30th April, 2011, 17th May, 2011 and on 13th June, 2011.

The following table indicates the no. of board meetings attended by the directors and also attendance at the last annual general meeting.

Director	No. of meetings held during the tenure	No. of board meetings attended	Attendance at Last AGM
Mr. Dinesh Chandra Bajoria	17	16	No
Mrs. Kanta Bajoria	17	10	No
Mr. Saurabh Poddar (Resigned on 07.04.2011)	13	2	No
Mr. Rajesh Kumar Agrawal (Resigned on 30.4.2011)	15	11	Yes
Mr. Rajiv Chamaria (Appointed on 07.04.2011)	4	3	NA
Mr. Hironmoy Chatterjee (Appointed on 30.04.2011)	3	2	NA

#### Other provisions of the Board :

The other provisions applicable to the Board of Directors such as minimum no. of meetings (4 meetings) in a year with a maximum time gap of four months between any two meeting, minimum information to be placed before the Board as prescribed in clause 49 of the Listing Agreement etc. have been complied with. The Board reviews from time to time compliance report of all laws & regulations applicable to the Company, as well as the steps taken by company to rectify instances of non-compliances if any.

### 3. Board Committees :

#### (a) Audit Committee :

- i) **Terms of Reference** : The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These broadly cover the following points :
  - 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - 2) To review and recommend to the Board about the appointment, re-appointment and if required the replacement or removal of statutory auditors and fixation of their remuneration.
  - 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Management Discussion and Analysis, Director's Responsibility Statement which forms part of the Director's Report, accounting policies, compliance with accounting standards, compliance with Stock Exchange and legal requirements and any related party transactions etc.

- 4) To review with the management, external and internal auditors, the adequacy of internal controls systems & internal audit reports, if any, on internal control weaknesses.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have post Audit discussion to ascertain any area of concern.
- 6) To review the Company's financial and risk management policies.
- 7) A statement of material related party transactions, if any.
- 8) To undertake such other matters as may be delegated by the Board from time to time.

**ii) Composition :**

The composition of the Audit Committee is as follows :

1. Mr. Rajiv Chamaria (Independent, Chairman)
2. Mr. Hironmoy Chatterjee (Independent)
3. Mr. Dinesh Chandra Bajoria (Non-Independent)
4. Mr. Rajesh Kumar Agrawal (Non-Independent) (Resigned w.e.f 30.04.2011)
5. Mr. Saurabh Poddar (Independent)(Resigned w.e.f. 07.04.2011)

The Company Secretary acts as Secretary to the Committee.

**iii) Meetings and Attendance**

During the period of 15 months ended on 30th June, 2011, 5(Five) meetings were held on 29th May, 2010, 30th July 2010, 13th, November, 2010, 12th February, 2011 and 30th April, 2011.

The attendance of the Audit Committee Members is as follows :

<b>Name of the Member</b>	<b>Meetings Held</b>	<b>Meetings Attended</b>
Mr. Dinesh Chandra Bajoria	5	5
Mr. Rajiv Chamaria (Appointed on 07.04.2011)	1	1
Mr. Rajesh Kumar Agrawal (Resigned on 30.04.2011)	4	4
Mr. Saurabh Poddar (Resigned on 07.04.2011)	4	2

The Statutory Auditors also attends the meeting whenever invited. The minutes of the meetings of Audit Committee are also placed before the Board and discussed.

**(b) Directors' remuneration and disclosure :**

During the fifteen-month period ended on 30th June, 2011, no compensation either in form of remuneration, sitting fees or otherwise was paid to any executive or non-Executive Directors of the Company.

**(c) Share Transfer Committee :**

The Share Transfer Committee meets at regular intervals to approve transfers, transmissions, and issue of duplicate share certificates, etc. as required.

The Committee consists of following members as on 30.06.2011 :

1. Mr. Dinesh Chandra Bajoria (Chairman)
2. Mrs. Kanta Bajoria
3. Mr. Rajiv Chamaria (Appointed on 07.04.2011)
4. Mr. Rajesh Kumar Agrawal (Resigned on 30.04.2011)

**Meetings and Attendance**

During the period of 15 months ended on 30th June 2011, no meeting of share transfer committee was held as no transfer or other requirests were received.

**(d) Shareholders'/Investors' Grievance committee :**

The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee met 5 times during the period under review.

The followings are the members of the Shareholders'/ Investors' Grievance Committee as on 30th June, 2011.

<b>Name of the Member</b>	<b>Category</b>
Mrs. Kanta Bajoria (Chairman)	Non-Executive
Mr. Dinesh Chandra Bajoria	Executive
Mr. Hironmoy Chatterjee (Appointed on 30.4.2011)	Non-Executive
Mr. Rajesh Kumar Agrawal(Resigned on 30.4.2011)	Non-Executive

The Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. During the period under review, no complaint was received from the investors. There was no complaint pending for resolution at the end of the period.

During the period of 15 months ended on 30th June 2011, 5(Five) meetings of the committee were held on 29th May 2010, 30th July 2010, 13th November 2010, 12th February 2011 and 30th April, 2011.

**Code of Conduct**

The Company has adopted a Code of Conduct which was made applicable to all its Directors, whether executive or non-executive and all Senior Management Personnel of the Company. All Board members and senior management personnel have affirmed compliance with the Company's code of conduct during the period of 15 months ended on 30 June 2011. A declaration to the effect that all Board members and senior management personnel have complied with the Company's code of conduct during the period under review

and duly signed by Mr. Dinesh Chandra Bajoria, Managing Director and CFO of the Company is annexed and forms part of this Report.

#### Risk Management

The company has laid down procedures to inform Board of Directors about the risk assessment and minimization procedures.

#### 4. General Body Meetings :

##### a) The details of Annual General Meetings held in last 3 years :

Year	Meeting	Date, Time and Location	Whether any special Resolution passed
2009-2010	17th AGM	On 25th September, 2010 at 11.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001	No
2008-2009	16th AGM	On 29th September, 2009 at 11.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001	Yes
2006-2008	15th AGM	On 2nd August, 2008 at 10.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001	Yes

- b) **Postal Ballot** : Three special Resolutions were passed by members during the period ended 30th June, 2011 through postal ballot as per result declared on 10th January, 2011. Mr Babulal Patni, Practicing Company Secretary duly appointed by the Board as Scrutinizer, conducted this postal ballot exercise and the details of voting as per report submitted by him to the Chairman are as follows :

Sr. No.	Subject matter of Resolutions	No of Valid postal ballot recd.	Votes in favour	Votes against	% of votes in favour	No. of invalid postal forms recd.
1.	Alternation of object Clause of memorandum of association	34	65,89,107	0	100.00	0
2.	Change of name of the company to Gujarat Metallic Coal & Coke Ltd.	34	65,89,107	0	100.00	0
3.	Consolidation of nominal value of shares from Rs.10/- to Rs. 100/- per share	34	65,86,007	3400	99.95	0

**5. Subsidiary Company :**

The company has one wholly owned subsidiary incorporated in Australia viz-Happy Mining Pty Ltd. This subsidiary was incorporated on 9th December 2008. Your company has subscribed 10,000,000 equity shares of its wholly owned subsidiary company viz, Happy Mining Pty Ltd.

**6. Disclosures :**

## a) Disclosures on materially significant related party transactions:

The Company has not entered into any transactions of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The transactions undertaken during the period have been disclosed in Note no. 7B of Schedule 14B forming part of the Accounts for the fifteen-month period ended on 30th June, 2011.

## b) There are no instances of non-compliance by the Company on the matters relating to capital market and no penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, during the last three years.

## c) The Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchange. However, the Company has not adopted the non-mandatory requirements defined therein.

**7. Means of Communication :**

The quarterly and the annual financial results are published in Financial Express in English and Arthik Lipi in vernacular language and are also displayed in the Company's website [www.gujaratmetallic.com](http://www.gujaratmetallic.com) as well as submitted to the Bombay Stock Exchange.

**8. General Shareholders' Information :**a) **Annual General Meeting :**

**Date and Time** : Friday, 23rd December, 2011 at 10.15 A.M.

**Venue** : Somany Conference Hall  
15B, Hemanta Basu Sarani,  
2nd Floor, Kolkata - 700001

b) **Financial Year** : 1st April, 2010 to 30th June 2011 (15 month period)

c) **Book Closure Date** : Friday, 16th December, 2011 to  
Friday, 23rd December, 2011

d) **Dividend Payment Date** : No dividend is recommended by the Board

e) **Listing of Equity Shares on** : (i) Bombay Stock Exchange Ltd.  
P J Towers, Dalal Street, Fort, Mumbai - 400001

f) **Listing Fees :**

Annual Listing Fees for the year 2011-12 have been paid.

**g) Stock Code :**

<u>Stock Exchanges</u>	<u>Stock Code</u>
Bombay Stock Exchange Ltd.	531881(GMETCOAL)

**h) Depositories :****a) National Securities Depository Ltd.**

Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400013

**b) Central Depository Services (India) Ltd.**

P J Towers, 16th Floor, Dalal Street, Fort, Mumbai - 400001

The Company has paid the Annual Custodian Fees to both the Depositories for the year 2011-2012.

ISIN of Equity Shares : INE146F01020

**i) Market Price Data :**

The Market Price of the Equity Shares of the Company during the 15 (fifteen) months period ended on 30th June 2011 are given below :

Months	BSE	
	High	Low
April 2010	14.25	12.16
May 2010	12.39	9.53
June 2010	12.90	9.25
July 2010	11.49	9.72
August 2010	10.15	8.66
September 2010	9.40	8.41
October 2010	10.80	6.80
November 2010	10.15	6.90
December 2010	9.00	6.17
January 2011	8.63	6.01
February 2011	8.89	4.99
March 2011	67.91	6.02
April 2011	61.70	55.45
May 2011	65.00	50.00
June 2011	82.75	58.10

**Note :**

- The above data have been taken from website of the Bombay Stock Exchange Ltd.

2. The above share price data upto 3rd March 2011 were for the Shares of Nominal value of Rs.10/- . Thereafter, the share price data were for the shares of nominal value of Rs.100/-.

**j) Share Price Performance :**

Financial Period	% change in Share Price	% Change in BSE Sensex
April 2010 - June 2011	-35.57	7.52

**k) Registrar and Share Transfer Agents :**

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market  
71, BRB Basu Road  
Kolkata - 700001  
Phones : +91-33-22357271/7270  
Fax : +91-33-22156823  
E-mail : nichetechpl@nichetechpl.com

**l) Share Transfer System :**

Shares sent for transfer in physical form are registered and returned by our Registrars and share transfer agents in about 15 to 20 days of receipt of the documents, provided the documents are found in order. Shares under objection are returned within two weeks. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all corporate communications to the beneficial owners of the shares. The share transfer committee considers the transfer proposal as and when required depending upon the requirements.

**m) Shareholding Pattern as on 30th June 2011**

Category	No. of Shares	% of Holding
Promoters & Promoter Group	710237	35.859
Public Shareholding – Institutions & Non-Institutions	1270421	64.141
Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil
<b>Total</b>	<b>1980658</b>	<b>100.00</b>

**n) Distribution of Shareholding as on 30th June 2011**

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	7603	96.4603	507068	25.6010
501 – 1000	152	1.9284	114465	5.7791
1001 – 5000	101	1.2814	199107	10.0526
5001 – 10000	11	0.1396	76770	3.8760
10001 – 50000	7	0.0888	151506	7.6493
50001 – 100000	4	0.0507	331311	16.7273
100001 and above	4	0.0507	600431	30.3147
<b>Total</b>	<b>7882</b>	<b>100.00</b>	<b>1980658</b>	<b>100.00</b>

**O) Dematerialization of Shares and Liquidity :**

1975082 equity shares constituting 99.72% of the Shares capital has been held in dematerialized form as on 30th June, 2011. The Equity Shares of Company are actively traded in the Bombay Stock Exchange Ltd.

**p) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity : Nil****q) Address for correspondence :**

**Gujarat Metallic Coal & Coke Limited**  
 15, Ganesh Chandra Avenue  
 2nd Floor, Kolkata - 700013  
 Tel : +91 33 22368504, Fax: +91 33 22118014  
 Email : [info@gujaratmetallic.com](mailto:info@gujaratmetallic.com)  
 Website: [www.gujaratmetallic.com](http://www.gujaratmetallic.com)

**r) Address of Subsidiary**

Happy Mining Pty Ltd.  
 Unit 4, 53 Underwood Road  
 Home Bush, NSW 2140  
 Australia

For and on behalf of the Board

Place : Kolkata  
 Dated : 14th November, 2011

**Dinesh Chandra Bajoria**  
 Chairman Cum Managing Director