

23rd ANNUAL REPORT 2004-2005



**BSIL
BIHAR SPONGE IRON LIMITED**

Board of Directors

Mr. Vijay Prakash, IAS
 Mr. Umesh K. Modi
 Mr. Ashok Kumar, IAS
 Mr. P.P. Sharma, IAS
 Mr. Abhishek Modi
 Mr. Turan Caglayan
 Dr. Wolfgang Janke
 Mr. K.K. Jain
 Mr. G.W. Elsenheimer
 Mr. G.C. Jain
 Mr. R.P. Singh
 Mr. Manoj Ralhan
 Mr. Meghendra Kumar
 Mr. G.K. Sharma

Chairman
 Vice Chairman & Managing Director

Nominee - IFCI
 Nominee - IDBI
 Nominee - LIC
 Nominee - BIFR

Alternate Directors

Mr. P.N. Mehta
 Mr. J.N. Khurana

(To Mr. Turan Caglayan)
 (Mr. G.W. Elsenheimer)

Company Secretary

Mr. Rakesh Bhatia

Statutory Auditors

M/s Thakur, Vaidyanath Aiyar & Co.
 Chartered Accountants
 221-223, Deen Dayal Marg, New Delhi-110002.

Audit Committee

Mr. K.K. Jain
 Mr. G.C. Jain
 Nominee of IFCI

Chairman

Registered Office & Plant Site

Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan-832401 Jharkhand

Bankers

State Bank of Patiala, Allahabad Bank, UCO Bank

Registrars and Share Transfer Agents

Skyline Financial Services Pvt. Ltd.
 123, Vinobhapuri, Lajpat Nagar-II,
 New Delhi-110024.

Content

Notice.....	1
Directors' Report.....	2-3
Corporate Governance.....	4-7
Auditors' Report.....	8-9
Balance Sheet.....	10
Profit & Loss Account.....	11
Schedules forming part of Balance Sheet.....	12-20
Cash Flow Statement.....	20

Printed at : **MM Printers**

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NOTICE

Notice is hereby given that 23rd Annual General Meeting of the Members of Bihar Sponge Iron Limited will be held on Friday, 30th September, 2005 at 4.00 P.M at the Registered Office of the Company at Umesh Nagar, Chandil, Dist Saraikela-Kharsawan – 832401 Jharkhand to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G.C. Jain who retires from office by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Turan Caglayan who retires from office by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution with or without modification, as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956, Mr. G.W. Elsenheimer be and is hereby elected and appointed as a Director of the Company, liable to retirement by rotation.”

BY ORDER OF THE BOARD

Place : New Delhi
Date : 30th August, 2005

[RAKESH BHATIA]
COMPANY SECRETARY

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member. Such proxies duly completed should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain close from 26th September, 2005 to 30th September, 2005 (both days inclusive).
4. Non- Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
5. As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to INDIVIDUALS holding shares in the Company. The Nomination can be made in Form-2B, which can be obtained from the Share Department of the Company.
6. Members are requested to notify immediately the change in their address, if any, at the Registered Office of the Company.
7. Members desiring any information as regards to accounts, are requested to address their questions to the Secretary of the Company at least 7 days before the date of the Meeting so that the required information is made available at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO.5

Mr. G.W. Elsenheimer was appointed as Director of the Company w.e.f 9th December, 2004 to fill the casual vacancy caused by resignation of Mr. P.R. Latey. In terms of Article 100 of the Articles of Association and pursuant to provisions of Section 262 of the Companies Act, 1956, Mr. G.W. Elsenheimer holds office as Director only upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member together with deposit of Rs. 500/- as required by Section 257 of the Companies Act, 1956 proposing Mr. G.W. Elsenheimer as a candidate for the office of Director.

Mr. G.W. Elsenheimer, aged 63 years is a Metallurgic Engineer having more than 37 years experience in the field of coal and gas based Sponge Iron Units. He had held different positions in LURGI Chemie, Germany in Plant Engineering and Process Engineering Divisions.

The Directors accordingly recommend the resolution for the approval of the shareholders.

None of the Directors except Mr. G.W. Elsenheimer is concerned or interested in the passing of the resolution.

BY ORDER OF THE BOARD

Place : New Delhi
Date : 30th August, 2005

[RAKESH BHATIA]
COMPANY SECRETARY

DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the 23rd Annual Report of the Company along with audited accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	Rs. In lacs	
	2004-2005	2003-2004
Sales and Other Income	16,421.13	14,995.98
Profit / (Loss) before Interest,		
Depreciation & Income Tax	2,171.81	1,912.53
Interest		
— Simple	724.17	1,943.67
— Compound	1.07	725.24
Depreciation	1,134.31	3,873.85
Profit/(Loss) for the year before Extra Ordinary Items & Provision for Wealth Tax	312.26	5,817.52
Provision for Wealth Tax	0.34	1,382.50
Profit/(Loss) for the year before Extra Ordinary Items	311.92	(5,287.49)
Extraordinary Items		
Service Tax	—	0.29
Interest for earlier years written back	28,325.64	28.07
Profit / (Loss) for the year carried to Balance Sheet	28,637.56	—
		(5,315.85)

OPERATIONS

As reported in the last year, the Draft Rehabilitation Scheme (DRS) pending before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) was sanctioned by the Hon'ble Board on 29th July, 2004. Under the sanctioned scheme, the total debt of the secured creditors has been settled at Rs. 135.00 crores and excess interest amounting to Rs. 283.26 crores provided in the books of accounts for earlier years have been written back during the year under review.

Of the settled amount of Rs. 135.00 crores, out of up front contribution of Rs. 65.00 crores, Mr. U.K. Modi & his Associates have brought in Rs. 32.50 crores as preferential equity for which they have been allotted equity shares on 28th September, 2004 and Rs. 32.50 crores by Government of Jharkhand (GOJ) as soft loan and disbursed the same to the secured creditors. The balance debt of Rs. 70.00 crores is being serviced by the Company in terms of the sanctioned scheme and will be paid by 30th September, 2011.

As a result of the restructuring of the debts, the company has shown a net profit of Rs. 3.12 crores for the first time.

During the year under review, production was 1,40,998 MT of Sponge Iron as against 1,53,677 MT achieved in the previous year. The production was lower because of technical problems faced in the Gear Box and Alignment of Kiln-I.

The Directors are confident that corrective steps taken by the Company will result in higher production during the current year i.e 2005-2006 and are pleased to inform that during the period April – August, 2005 the company will be able to produce approximately 68,000 MT of Sponge Iron as against 57,657 MT produced in the corresponding period of the year under review registering an increase of 18.50%. Thus it is expected that the company will be able to achieve its budgeted production of 1,67,239 MT during the current year.

FIXED DEPOSITS:

The Company has neither invited nor accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

BOARD OF DIRECTORS:

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

IFCI Limited has nominated Mr. R.P. Singh as its nominee on the Board of Directors w.e.f 31st August, 2004.

LIC has withdrawn the nomination of Mr. R.K. Agrawal with effect from 30th September, 2004 and in his place has nominated Mr. Meghendra Kumar on the Board of Directors.

Mr. P.R. Latey, resigned as Independent Director of the Company with effect from 9th December, 2004.

Mr. G.F. Grote resigned as Director of the Company with effect from 1st June, 2005. As a result Mr. P.N. Mehta ceased to be Alternate Director to Mr. G.F. Grote.

Mr. Vijay K. Modi ceased to be Alternate Director to Dr. W. Janke with effect from 30th August 2005.

The Board of Directors in their meeting held on 9th December, 2004 appointed Mr. G.W. Elsenheimer as Independent Director of the Company in the casual vacancy caused by resignation of Mr. P.R. Latey.

The Board of Directors in their meeting held on 30th August, 2005 appointed Mr. P.N. Mehta as Alternate Director to Mr. Turan Caglayan and Mr. Jagan Nath Khurana as Alternate Director to Mr. G.W. Elsenheimer.

Pursuant to Section 262 of the Companies Act, 1956, Mr. G.W. Elsenheimer will hold office till the ensuing Annual General Meeting and is eligible for re-appointment.

In accordance with the provisions of Section 256 of Companies Act, 1956 and Article 128 of the Articles of Association of the Company, Mr. G.C. Jain and Mr. Turan Caglayan retire by rotation and are eligible for re-appointment.

The Board places on record its deep sense of appreciation for the wise counsel, valuable guidance and Co-operation extended by Mr. R.K. Agrawal, Mr. P.R. Latey, Mr. G.F. Grote and Mr. Vijay K. Modi during their tenure of the Directorship.

AUDITORS:

M/s.Thakur, Vaidyanath Aiyar and Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACCOUNTS AND AUDIT REPORT:

The Notes to Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments. However, in respect of delay in payment of Excise Duty & Service Tax and Land Revenue, the Board of Directors wish to explain as under:-

a. **Excise Duty & Service Tax:** As per the provisions of the Excise & Customs Act, Excise Duty & Service Tax collected in a particular month can be deposited together with interest before the end of subsequent month to the month in which the amount was payable. During the year under review, the Company was facing temporary liquidity crunch and to tide over the temporary crunch, this accommodation was availed which in any case is permitted by Excise Authorities. However, all statutory dues have been paid on extended due dates.

b. **Land Revenue:** As per the terms of Lease Deed(s) executed by erstwhile Government of Bihar in respect of Lease of Land admeasuring 106.48 Acres, Lease Rent for 10 years with effect from 1986 was deposited with the Government. The erstwhile State of Bihar was divided into State of Bihar and State of Jharkhand on 14.11.2000. Further due to creation of new District Head Quarter, the land records are yet to be received by the District Head Quarter at Saraikeela Kharsawan. In the absence of records, the Treasury at District Head Quarter is unable to accept the Lease Rent. However, the Company has made provision for the same till 31st March, 2005 in the books of accounts and shall deposit immediately as soon as the District Authorities are able to verify the detail of lease rent.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company declare as under:

(i) That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

- (ii) That the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the company for that period.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the annual accounts are prepared on a going concern basis.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is attached as Annexure to the Annual Report. The Practicing Company Secretary's Certificate confirming compliance of conditions of Corporate Governance is included in the said Corporate Governance Report.

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

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, (as amended) a statement giving the required information relating to energy conservation, technology absorption, foreign exchange earnings and outgo is annexed hereto as per Annexure.

PERSONNEL:

None of the employees of the Company were in receipt of remuneration within the limits as prescribed by provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to offer their sincere thanks to various departments of Central Government, the Government of Bihar and Jharkhand, Financial Institutions and Banks for their valuable assistance. Equally your Directors acknowledge the trust reposed by you in the Company.

The Directors also wish to place on record their appreciation for the all round support and co-operation received from the employees at all levels.

For & on behalf of the Board

Place: New Delhi
Date: 30th August, 2005

(VIJOY PRAKASH, IAS)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY:**CURRENT YEAR PREVIOUS YEAR*****A. POWER AND FUEL CONSUMPTION****1. ELECTRICITY****A) PURCHASED**

Unit	—	—
Amount(Rs.)	—	—
Rate/Unit (Rs.)	—	—

B) OWN GENERATION**1. Through Diesel generator**

Unit	13,38,124	5,93,083
Unit per liter of HSD	2.83	3.00
Cost/Unit (Rs.)	7.41	6.55

2. Through steam turbine

Unit	2,02,35,900	2,16,30,400
Unit per M.T of fuel	1,509.00	1,228.00
Cost/Unit (Rs.)	2.09	1.69

2. COAL		
Quantity (M.T)	1,89,137.00	1,87,969.00
Cost (Rs.)	40,71,91,885.00	39,56,15,792
Average Rate (Rs./M.T)	2,152.36	2,104.69

B. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)

1. Electricity (Unit)	153.00	145.00
2. Furnace Oil	—	—
3. Coal (M.T)	1.34	1.22
4. Others – HSD (Liter)	3.35	1.22

TECHNOLOGY ABSORPTION:**(A) Research and Development**

- Specific areas in which R & D is carried out by the company : Nil
- Benefits derived as a result of the above R & D : Does not arise
- Future plan of action : Not yet decided
- Expenditure on R & D : Nil

(B) Technology absorption, adaptation & innovation

- Efforts in brief made towards technology absorption, adaptation & innovation.
 - Technology transfer is complete
- Benefits derived as a result of above efforts
 - The company achieves the metallisation acceptable to the user industry.
 - Sponge Iron produced by the company has helped the country in saving outgo of scarce foreign exchange resources by way of import substitution.

3. TECHNOLOGY IMPORTED

- Lurgi SL/RN process for the direct reduction of Iron Ore in a rotary kiln.
- Year of import 1986-89 — plant construction period
- Has the technology been fully absorbed? - Yes
- If not fully absorbed, areas where this has not been taken place, reasons thereof, and future plans of action N.A

FOREIGN EXCHANGE EARNINGS & OUTGO

	2004-2005 (Rs.)	2003- 2004 (Rs.)
1. OUTGO		
Export of Goods on F.O.B	12,10,400	—
a) Travelling	5,86,810	5,31,866
b) Other Matters	8,60,581	58,024
c) Interest	11,89,55,037	2,24,41,651
c) Import on CIF Basis		
Stores & Spares	13,87,004	5,65,072

For & on behalf of the Board

Place: New Delhi
Date: 30th August, 2005

(VIJOY PRAKASH, IAS)
CHAIRMAN

CORPORATE GOVERNANCE REPORT**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

At Bihar Sponge Iron Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the Company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

BOARD OF DIRECTORS:

Composition of the Board of Directors and other details as on 31st March, 2005 is as under:

Name of the Director	Executive/Independent/ Non-Executive	No. of meetings attended (+)	Attendance at previous AGM on 28th September, 2004	No. of outside directorships held (*)	No. of membership/ chairmanship in other Board Committee
Mr. Vijoy Prakash, IAS	Chairman & Non Executive Director	3	Not Present	4	1
Mr. Umesh K. Modi @	Vice Chairman & Managing Director	4	Present	5	3
Mr. Ashok Kumar, IAS	Non Executive Director	2	Not Present	5	Nil
Mr. Abhishek Modi @	Non Executive Director	3	Present	2	Nil
Mr. K.K. Jain	Independent Director	4	Present	Nil	5
Mr. G.C. Jain	Independent Director	4	Not Present	2	3
Dr. Wolfgang Janke	Independent Director	Nil	Not Present	Nil	Nil
Mr. P.R. Latey (upto 09.12.04)	Independent Director	1	Not Present	2	5
Mr. G.W. Elsenheimer (w.e.f. 09.12.04)	Independent Director	1	Not Present	Nil	Nil
Mr. P.P. Sharma, IAS	Independent Director	Nil	Not Present	2	Nil
Dr. S.S. Jha (upto 07.06.04)	Nominee Director	1	Not Present	2	2
Mr. R.P. Singh (w.e.f. 31.08.04)	Nominee Director	2	Not Present	2	3
Mr. R.K. Agrawal (upto 30.09.04)	Nominee Director	1	Not Present	Nil	Nil
Mr. Meghendra Kumar (w.e.f. 30.09.04)	Nominee Director	Nil	Not Present	1	Nil
Mr. G.K. Sharma	Nominee Director	Nil	Not Present	N.A.	N.A.
Mr. Manoj Ralhan	Nominee Director	4	Not Present	1	2
Mr. G.F. Grote	Non Executive Director	Nil	Not Present	Nil	Nil
Mr. Turan Caglayan	Non Executive Director	Nil	Not Present	Nil	Nil
Mr. P.N. Mehta	Alternate to Mr. G.F. Grote	4	Not Present	2	6
Mr. Vijay K Modi (w.e.f. 28.08.04)	Alternate to Dr. W.Janke	3	Not Present	2	Nil

(+) Attendance at Board Meetings relevant to the period when appointed as Director of the Company.

(*) Directorship in companies registered under the Companies Act, 1956, excluding Directorships in Private Limited Companies, Companies under section 25 of the Companies Act and Alternate Directorships.

@ Mr Umesh K. Modi and Mr Abhishek Modi are related as Father and Son.

Four Board Meetings were held during the year on 1st June, 2004, 26th August, 2004, 9th December, 2004 and 26th February, 2005.

INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS:

Mr. G.C. Jain, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. G.C. Jain is an Independent Non- Executive Director. He is a fellow member of the Institute of Chartered Accountants of India and Law Graduate and has more than 40 years experience in Accounts, Taxation and Company Law matters.

Mr. Turan Caglayan, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. Turan Caglayan is a Non – Executive Director and is nominee of DEG. He holds a Master Degree in Economics and has varied experience of more than 20 years in Commercial Bank, Deutsche Bank AG and at present is working with DEG – Deutsche Investitions – und – Entwicklungsgesellschaft GmbH, Germany as First Vice President Portfolio Management Asia.

AUDIT COMMITTEE:

The Company has an Audit Committee in place since 1987 comprising of 3 members all of whom are independent Directors. The Chairman of the Committee is Mr. K.K. Jain with Mr. G.C. Jain and One Nominee Director of IFCI Limited as its members. Mr. Rakesh Bhatia, Company Secretary acts as Secretary to the Committee. Chief Executive, Vice President (Finance & Accounts), Vice President (Marketing), a representative of Thakur, Vaidyanath Ayer & Co; the Statutory Auditors and a representative of Thakur & Co; Concurrent Auditors are permanent invitees to the Audit Committee meetings.

BRIEF DESCRIPTION OF THE TERMS OF REFERENCE:

The functioning and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges including their role, powers and duties, quorum for meeting and frequency of meetings. The Committee is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuring compliance with established policies and procedures. Audit Committee also determines adequacy of internal control and ensures its effectiveness. It identifies, defines and categorizes all the risks that the Company faces. The internal control system is comprehensively reviewed, evaluated and updated on going basis. It facilitates imbedding of the self audit process in the work flow along with supporting the business objectives. The financial results for each quarter are reviewed by the Audit Committee before being placed to the Board of Directors for approval.

Seven meetings of Audit Committee were held during the year on 27.04.2004, 30.07.2004, 20.08.2004, 29.10.2004, 08.12.2004, 28.01.2005 and 23.02.2005. Attendance at meetings during the year:

Director	No. of meetings attended
Mr. K.K. Jain	7
Mr. G.C. Jain	7
Dr. S.S. Jha	1
Mr. R.P. Singh	4

SHAREHOLDER'S/INVESTOR GRIEVANCE COMMITTEE:

The Investors' Grievance Redressal Committee was constituted on 11th September, 2001 and comprises of 3 members. The Chairman of the Committee is Mr. K.K. Jain with Mr. G.C. Jain and Mr. Manoj Ralhan as its member. Mr. Rakesh Bhatia, Company Secretary acts as Secretary to the Committee.

BRIEF DESCRIPTION OF THE TERMS OF REFERENCE:

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialization, complaints of shareholders etc.

During the year under review, the Committee met five times on 27.04.2004, 01.06.2004, 30.07.2004, 09.12.2004 and 28.01.2005.

Details of complaints received and addressed during the year under review are given below:

	Number of complaints received					Number of total complaints (Share Transfers/ Annual Reports etc.)
	Direct	Stock Exchanges	Investor Associations	SEBI	Deptt. of Company Affairs	
2004-05						
1. Received	91	07	Nil	Nil	Nil	98
2. Replied	91	07	Nil	Nil	Nil	98
3. Pending	Nil	Nil	Nil	Nil	Nil	Nil

REMUNERATION COMMITTEE:

At present, the Company does not pay any remuneration to Non-Executive Directors except sitting fee for attending the Board Meeting including Committee thereof. Mr. U.K. Modi, Managing Director of the Company is also Managing Director of Modi Industries Limited. Since he is drawing salary from such Company, he has stopped drawing any salary from the Company with effect from 1st April, 2001.

As such Remuneration Committee will be constituted whenever need for the same is arisen.

The details of Remuneration to Non-Executive Directors during the year ended 31st March, 2005 are as under:-

S. NO.	NAME	PARTICULARS	SITTING FEES (Rs.)
1	Mr. K.K. Jain	Independent Director	38,000
2	Mr. G.C. Jain	Independent Director	16,000
3	Mr. P.R. Latey (upto 09/12/04)	Independent Director	1,000
4	Dr. S.S. Jha (upto 08/06/04)*	Nominee Director	3,000
5	Mr. R.P. Singh (from 31/08/04)*	Nominee Director	8,000
6	Mr. Manoj Ralhan*	Nominee Director	6,000
7	Mr. R.K. Agrawal (upto 30/09/04)	Nominee Director	1,000
8	Mr. P.N. Mehta	Alternate Director	8,000
9	Mr. Vijay K Modi (from 28/08/04)	Alternate Director	3,000

*Sitting Fee was paid to the Institution which has nominated the Director.

ANNUAL GENERAL MEETING:

Location and time for the last three Annual General Meetings:

Year	Date	Venue	Time
2002	30.11.2002	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	9.00 A.M
2003	24.12.2003	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	10.00 A.M
2004	28.09.2004	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	11.00 A.M

An Extra Ordinary General Meeting was held on 28th September, 2004 wherein resolution under Section 293(1)(a) of the Companies Act, 1956 relating to creation of mortgage in favour of State Government of Jharkhand for securing the loan amount of Rs. 32.50 crores was passed through Postal Ballot procedure as envisaged under Section 192A of the Companies Act, 1956. Mr. B.K. Sethi, Practicing Company Secretary conducted the process of Postal Ballot the detail of which is furnished below:

Total No. of Ballots	Total No. of Votes
82,307	4,59,12,070
Total No. of Ballots received	Total No. of Votes exercised
634	1,87,72,766
Total No. of Ballots in favour	No. of Votes cast in favour
568	1,87,56,716
Total No. of Ballots against	No. of Votes cast against
51	13,890
No. of Ballots found invalid	No. of Votes found invalid
15	2,160

Result: The resolution was carried.

DISCLOSURE:

During the year under review, the Company had no materially significant related party transactions as is envisaged under the Corporate Governance code that may have potential conflict with the interest of the Company at large. However, related party transactions during the year are mentioned in Note 12 of "Notes to Accounts".

There has not been any non compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets during the last three year.

MEANS OF COMMUNICATIONS:

Half yearly Report to each household of shareholders:

The Company has not yet started sending the half yearly report to each household of shareholders but if any shareholder seeks any information then the same is provided by the Company.

Quarterly Results:

Wide publicity is accorded to publication of Quarterly Results which are published in widely circulated English daily and a Hindi daily as is required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the Company is listed.

MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT.

GENERAL SHAREHOLDER INFORMATION:

Twenty Third Annual General Meeting is scheduled to be held on 30th September, 2005 at 4.00 P.M at Registered Office of the Company at Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand) as per notice enclosed with the Annual Report.

Financial Calendar

Particulars	Date	Particulars	Date
1. Quarter ending 30.06.2005	30 th July, 05	3. Quarter ending 31.12.2005	End Jan. 06
2. Quarter ending 30.09.2005	End Oct, 05	4. Quarter ending 31.03.2006	End Apr, 06

Dividend payment date:

In view of losses incurred in the previous years, no dividend has been recommended by the Board of Directors for the year ending 31st March, 2005.