

25th ANNUAL REPORT 2006-2007



**BSIL
BIHAR SPONGE IRON LIMITED**

Board of Directors

Mr. Vijoy Prakash, IAS
 Mr. Umesh K. Modi
 Mr. Ashok Kumar, IAS
 Mr. P.P. Sharma, IAS
 Mr. Abhishek Modi
 Dr. Wolfgang Janke
 Mr. K.K. Jain
 Mr. G.W. Elsenheimer
 Mr. G.C. Jain
 Mr. R.P. Singh
 Mr. Meghendra Kumar
 Mr. Rishabh Jain

Chairman
 Vice Chairman & Managing Director

Nominee - IFCI
 Nominee - LIC
 Nominee - BIFR

Alternate Directors

Mr. J.N. Khurana
 Mr. Vijay K Modi

(To Mr. G.W. Elsenheimer)
 (To Dr. Wolfgang Janke)

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. G.C. Jain
 Mr. K.K. Jain
 Mr. R.P. Singh
 Mr. G.W. Elsenheimer
 Mr. Rishabh Jain

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.
 246, 1st Floor, Sant Nagar, Main ISCON Temple
 Road, East of Kailash, New Delhi-110065

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BSIL

BIHAR SPONGE IRON LTD.

NOTICE

Notice is hereby given that 25th Annual General Meeting of the Members of Bihar Sponge Iron Limited will be held on Wednesday, 22nd day of August, 2007 at 10.00 a.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, 2007 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. G.W. Elsenheimer 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 a Special Resolution:-

"RESOLVED THAT Pursuant to Regulation 5 of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations, guidelines etc and subject to approvals/ permissions, if any, from regulatory authorities and /or government departments, as may be required for this purpose, approval be and is hereby given for delisting of equity shares (including equity that may be issued and listed in future) of the Company with immediate effect from Magadh Stock Exchange Association.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to give necessary approvals, take appropriate steps, give necessary authority to any director, officer of the Company for purpose of delisting of shares as mentioned herein above"

BY ORDER OF THE BOARD

RAKESH BHATIA
COMPANY SECRETARY

Place New Delhi
Dated: 25th June, 2007

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. All documents referred to in Notice are open for inspection at the Registered Office of the Company between 11.00 A.M to 1.00 P.M on any working day prior to the date of Meeting and also at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain close from Monday, 13th August, 2007 to Wednesday, 22nd August, 2007 (both days inclusive).
5. Non- Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
6. 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.
7. Members are requested to notify immediately the change in their address, if any, at the Registered Office of the Company.
8. 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**

The Company's equity shares are listed on the Stock Exchanges at Mumbai and Patna.

In terms of the revised guidelines brought out by SEBI in February 2003, a Company may delist from any one or more Stock Exchanges where the Company's Shares are listed, provided the Company's equity shares are listed on either Bombay Stock Exchange Limited or National Stock Exchange of India Limited.

The shares of the Company are not being traded on the The Magadh Stock Exchange Association. The continued listing at the above stock exchange is not providing any advantage to the members of the Company. The proposed delisting from the said exchange will not adversely affect any investor including the members located in region where the above stock exchange is situated.

The Shares of the Company will continue to be listed on Bombay Stock Exchange Limited having nation wide terminals.

The Board has decided, subject to the approval of the shareholders, to delist the Company's equity shares from the abovementioned Stock Exchange. The Board recommends this Resolution for approval.

None of the Directors of the Company is in any way concerned or interested in this Resolution.

BY ORDER OF THE BOARD

RAKESH BHATIA
COMPANY SECRETARY

Place New Delhi
Dated: 25th June, 2007

DIRECTORS' REPORT

To The Members

The Directors have pleasure in presenting the 25th Annual Report of the Company along with audited accounts for the year ended 31st March, 2007.

	Rs. In lacs	
	2006-07	2005-06
Sales (Net of Excise Duty) and Other Income	16,841.86	15,540.10
Profit / (Loss) before Interest, Depreciation & Tax	588.63	2,054.20
Interest & Finance Charges	853.45	738.55
Depreciation	1,602.68	1,279.69
Profit/(Loss) for the year before Provision for Tax	(1,867.50)	35.96
Provision for Tax		
— Fringe Benefit Tax	29.67	26.25
— Wealth Tax	0.67	0.51
Profit/(Loss) for the year carried to		
Balance Sheet	(1,897.84)	9.20

OPERATIONS

During the year under review, production of Sponge Iron was 1,50,336 MT as against 1,60,289 MT achieved in the previous year. The main reason for lower production was :-

- During the year under review, your company had commissioned Sandvik Crusher on 29th June, 2006. In order to integrate the crusher with main Kiln-I, a shut larger than the normal shut was taken.
- The Company has a long term agreement for supply of 50% of its requirement of Iron Ore with Bhanja Minerals Pvt. Ltd. The said supplier illegally stopped the supply of Iron Ore causing a serious damage to the production schedule of the company. The company has taken a legal action against Bhanja Minerals Pvt. Ltd. and at present the matter is before Sole Arbitrator for adjudication. However, pursuant to directions issued by Hon'ble Supreme Court of India, Bhanja Minerals Pvt. Ltd. is supplying iron ore.

During the Year under review, the prices of Iron Ore went up number of times increasing the cost of production. However, the prices of Sponge Iron remained depressed during first nine months of the financial year. The prices of Sponge Iron started rising only in the last week of December, 2006 as a result the company earned profit in the 4th quarter of the year under review. The Directors are of the opinion that this trend will continue for the current year.

Your directors are pleased to inform that the company's application for allotment of captive iron ore mine for 406 hectares in Ghatkuri Forest Reserve, District Singhbhum was recommended by the State Government of Jharkhand to The Ministry of Mines, Government of India. The Ministry of Mines, Government of India in turn has conveyed its approval to State Government of Jharkhand for allotment of said mine to the Company.

Further, in order to ensure regular availability and consistent quality of coal at lower cost, the Company had applied for allotment of Coal mines to Ministry of Coal, Government of India.

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:

Mr. Turan Caglayan, Nominee of DEG has resigned from the Board of Directors with effect from 2nd October, 2006. Consequently Ms. Ute Mayr has ceased to be Alternate Director to Mr. Turan Caglayan.

Mr. Vijay K Modi ceased to be Alternate Director to Dr. Wolfgang Janke with effect from 20th March, 2007

Industrial Development Bank of India Limited has withdrawn the nomination of Mr. P. S. Dubey with effect from 26th April, 2007

The Board of Directors in their meeting held on 25th June, 2007, appointed Mr. Vijay K Modi as Alternate Director to Dr. Wolfgang Janke.

Mr. Ashok Kumar, IAS retires by rotation and holds office till the date of ensuing Annual General Meeting.

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. G.W. Elsenheimer 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. Ashok Kumar, IAS, Mr. Turan Caglayan, Ms. Ute Mayr and Mr. P.S. Dubey 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 certain delays in payment of Statutory Dues and Secured Loans, the Board of Directors wish to explain as under:-

As the Company was facing temporary liquidity crunch, the said dues could not be paid on due dates. However, all the said dues have been paid to respective accounts of Government & Secured Creditors along with the interest for the delayed period at the contractual rates respectively. None of the delay will attract any penalty provisions.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- 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.
- 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.
- 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 Auditors' 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 (UMESH K. MODI) [ABHISHEK MODI]
Date : 25th June, 2007 VICE CHAIRMAN & DIRECTOR
MANAGING DIRECTOR

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	Nil	Nil
Amount(Rs.)	Nil	Nil
Rate/Unit (Rs.)	Nil	Nil
B) OWN GENERATION		
1. Through Diesel Generator		
Unit	5,05,392	3,92,960
Unit per liter of HSD	2.78	3.01
Cost/Unit (Rs.)	11.20	8.79
2. Through steam turbine		
Unit	2,52,45,400	2,42,87,300
Unit per M.T of fuel	1,229.00	1,565.00
Cost/Unit (Rs.)	2.08	1.76
2. COAL		
Quantity (M.T)	2,11,882	2,01,848
Cost (Rs.)	46,90,27,377	44,23,63,514
Average Rate (Rs./M.T)	2,213.63	2,191.57
B. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)		
1. Electricity (Unit)	166.00	154.00
2. Furnace Oil	Nil	Nil
3. Coal (M.T)	1.41	1.26
4. Others - HSD (Liter)	1.21	0.81

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 metallization 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.

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:

	2006-07 (Rs.)	2005-06 (Rs.)
1 EARNING		
Export of Goods on F.O.B	—	12,07,000
2 OUTGO		
a) Traveling	—	6,97,405
b) Other Matters	81,634	2,38,134
c) Interest	1,38,76,758	1,21,55,000
c) Import on CIF Basis		
Stores & Spares	4,60,801	40,11,915

For & on behalf of the Board

Place: New Delhi (UMESH K. MODI) [ABHISHEK MODI]
Date : 25th June, 2007 VICE CHAIRMAN & DIRECTOR
MANAGING DIRECTOR

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:

The Company has a Non Executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors.

None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause-49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings during the year and at the Last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Name of the Director	Executive/Independent/ Non-Executive	No. of meetings attended(+)	Attendance at previous AGM on 29th September, 2006	No. of outside directorships held (*)	No. of membership/ chairmanship in other Board Committee
Mr. Vijoy Prakash, IAS	Chairman & Non Executive Director	Nil	Not Present	4	Nil
Mr. Umesh K. Modi@	Vice Chairman & Managing Director	4	Present	5	1
Mr. Ashok Kumar, IAS	Non Executive Director	Nil	Not Present	N.A	N.A.
Mr. Abhishek Modi@	Non Executive Director	3	Not Present	4	1
Mr. K.K. Jain	Non Executive Director	4	Not Present	1	1
Mr. G.C. Jain	Independent Director	3	Present	4	3
Dr. Wolfgang Janke	Independent Director	1	Not Present	Nil	Nil
Mr. G.W. Elsenheimer	Independent Director	Nil	Not Present	Nil	Nil
Mr. P.P. Sharma, IAS	Independent Director	4	Not Present	1	Nil
Mr. R.P. Singh	Nominee Director	4	Not Present	4	Nil
Mr. Meghendra Kumar	Nominee Director	4	Not Present	1	Nil
Mr. Rishabh Jain	Nominee Director	4	Not Present	2	Nil
Mr. P.S. Dubey	Nominee Director	4	Not Present	1	Nil
Mr. Turan Caglayan (up to 2 nd October, 2006)	Non Executive Director	Nil	Not Present	Nil	Nil
Mr. P.N.Mehta (up to 29 th August, 2006)	Alternate to Mr. Turan Caglayan	1	Not Present	2	1
Ms. Ute Mayr (up to 2 nd October, 2006)	Alternate to Mr. Turan Caglayan	1	Present	Nil	Nil
Mr. Vijay K Modi (up to 20 th March, 2007)	Alternate to Dr. W.Janke	1	Not Present	2	1
Mr. J.N. Khurana	Alternate to Mr. G.W. Elsenheimer	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 30th June, 2006, 29th August, 2006, 28th December, 2006 and 20th March, 2007.

The Company has adopted the Code of Conduct for the Non-Executive Directors and Senior Management of the Company. The Company has received confirmations from both the Non-Executive Directors as well as Senior Management regarding compliance of the Code of Conduct for the period ended 31st March, 2007. The Code is posted on the website of the Company i.e www.bsil.org.

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 Director. He is a fellow member of the Institute of Chartered Accountants of India and Law Graduate from Rajasthan University having more than 27 years experience in Accounts, Audit, Taxation and Company Law matters. He is a Director in SBEC Sugar Limited, SBEC Systems (India) Limited, SBEC Bio Energy Limited and Own Investments (India) Limited.

Mr. G.W. Elsenheimer, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. G.W. Elsenheimer, is an Independent Director. He is a Metallurgical 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. He is not a Director in any other Company.

AUDIT COMMITTEE:

Composition of Audit Committee is in accordance with the revised requirements prescribed by the Code of Corporate Governance. The Committee consists of the following directors:

- i). Mr. G.C. Jain, Chairman
- ii). Mr. K.K. Jain
- iii). Mr. R.P. Singh
- iv). Mr. G.W. Elsenheimer
- v). Mr. Rishabh Jain

All the Members of the Audit Committee are non-executive directors and financially literate. Mr. G.C. Jain, Mr. R.P. Singh, Mr. G.W. Elsenheimer and Mr. Rishabh Jain are independent directors.

Mr. Rakesh Bhatia, Company Secretary acts as a Secretary to the Committee. Chief Executive, Chief Financial Officer, a representative of Thakur, Vaidyanath Aiyer & Co; the Statutory Auditors and a representative of Thakur & Co; Concurrent Auditors are permanent invitees to the Audit Committee meetings.

Eight meetings of Audit Committee were held during the year on 29.04.2006, 30.06.2006, 22.07.2006, 29.08.2006, 31.10.2006, 28.12.2006, 31.01.2007 and 8.03.2007. Attendance at meetings during the year:

Director	No. of meetings attended
Mr. G.C. Jain	7
Mr. K.K. Jain	8
Mr. R.P. Singh	8
Mr. G.W. Elsenheimer	1
Mr. Rishabh Jain	7

The terms of reference of the Audit Committee are in conformity with the revised requirements of Clause 49 of the Listing Agreement read in conjunction with section 292A of the Companies Act, 1956.

The functions of the Audit Committee broadly cover the following:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or professional advice;
- to secure attendance of outsiders with relevant expertise, if it considers it so necessary;
- to oversee the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- to recommend the appointment and removal of the external auditor, fixation of audit fees and also approval for payment of any other services;
- 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;
 - 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, i.e. transactions of the company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large;
- reviewing with the management, external and internal auditors, the adequacy of internal control system;
- reviewing with the management the quarterly financial statements before submission to the Board;
- reviewing the adequacy of internal audit function, reporting coverage and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- reviewing the company's financial and risk management policies;
- to look into the reasons for substantial defaults, if any, in the payment to creditors etc.

The Audit Committee shall also mandatory review the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee) submitted by management;
- Management letters/letters of internal control weakness issued by the statutory auditors;
- Internal audit report relating to internal control weakness;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Redressal Committee was constituted on 11th September, 2001 and comprises of 4 members. The Chairman of the Committee is Mr. K.K. Jain with Mr. G.C. Jain, Nominee Director of IDBI and Nominee Director of BIFR as its member. Mr. Rakesh Bhatia, Company Secretary acts as a 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 four times on 29.04.2006, 22.07.2006, 31.10.2006 and 31.01.2007.

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	
2006-07						
1. Received	46	02	01	Nil	Nil	49
2. Replied	46	02	01	Nil	Nil	49
3. Pending	Nil	Nil	Nil	Nil	Nil	Nil

REMUNERATION COMMITTEE:

The Remuneration Committee was constituted by the Board in March, 2006. The remuneration payable to the Managing Director was approved by the Committee. The Committee is also empowered to decide on an Employees' Stock Option Scheme as and when such Scheme is considered for introduction in the company.

The following persons are the Members of the Committee:

- i) Mr. G.C. Jain, Chairman
- ii) Mr. R.P. Singh
- iii) Nominee of IDBI Bank Ltd;
- iv) Mr. Rishabh Jain

The remuneration paid to the Managing Director during the year is in accordance with provisions of Schedule XIII para 1(B) of section II of para II of the Companies Act, 1956 and as approved by the Members in the Annual General Meeting held on 29.09.2006.

The detail of remuneration paid to Managing Director is as under:

Basic Salary Rs. 10,20,000/-

Company's contribution to Provident Fund Rs. 1,22,400/-

Perquisites & Allowances Rs. 7,72,000/-

The non-executive Directors (NEDs) are paid remuneration by way of Sitting Fee of Rs. 1,000/- per meeting to NEDs for attending the meetings of Board and/or Committees thereof. The details of Remuneration to Non-Executive Directors during the year ended 31st March, 2007 are as under:-

S. NO.	NAME	PARTICULARS	SITTING FEES
1	Mr. K.K. Jain	Non Executive Director	41,000
2	Mr. G.C. Jain	Independent Director	14,000
3	Mr. R.P. Singh *	Nominee Director	22,000
4	Mr. P.S. Dubey *	Nominee Director	12,000
5	Mr. Rishabh Jain	Nominee Director	35,000
6	Mr. P.N. Mehta	Alternate Director	2,000
7	Mr. Vijay K Modi	Alternate Director	1,000
8	Mr. J.N. Khurana	Alternate Director	3,000
9	Mr. Meghendra Kumar	Nominee Director	4,000
10	Mr. P.P. Sharma	Independent Director	4,000

*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
2004	28.09.2004	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	11.00 A.M
2005	30.09.2005	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	4.00 P.M
2006	29.09.2006	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	4.00 P.M

POSTAL BALLOT:

No resolution requiring a postal ballot was proposed at the last Annual General Meeting of the members.

No resolution which requires approval of members by postal ballot is being proposed at the ensuing Annual General Meeting.

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 and also displayed on the website of the company.

MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT.**GENERAL SHAREHOLDER INFORMATION:**

Twenty Fifth Annual General Meeting is scheduled to be held on Wednesday, 22nd August, 2007 at 10.00 A.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 30.06.2007	End July, 07	3. Quarter ending 31.12.2007	End Jan, 08
2. Quarter ending 30.09.2007	End Oct, 07	4. Quarter ending 31.03.2008	End Apr, 08

Dividend payment date:

In view of losses incurred by the Company, no dividend has been recommended by the Board of Directors for the year ending 31st March, 2007.

Listing on Stock Exchanges:

Your Company is listed at 2 Stock Exchanges in India, the addresses of which are given below:

Stock Exchange	Stock Code
Magadh Stock Exchange Association, 9 th Floor, Ashiana Plaza, Budh Marg, Patna - 800001	—
Bombay Stock Exchange Limited, Phiroz Jeejeebhoy Towers, 25 th Floor, Dalal Street, Fort, Mumbai-400001	500058