# NOTICE

Notice is hereby given that 30th Annual General Meeting of the Members of Bihar Sponge Iron Limited will be held on Saturday, 29th day of September, 2012 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, 2012 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. K.K.Jain, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jayesh Modi, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, [Firm Registration No. 000038N] 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** Mr. Shyam Vyas who was appointed as an additional director by the Board of Directors on 5th May, 2012 and whose term of office pursuant to the provisions of Section 260 of the Companies Act, 1956 expires at this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

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

   **"RESOLVED THAT** Mr. Jagdish Chander Chawla who was appointed as an additional director by the Board of Directors on 22nd August, 2012 and whose term of office pursuant to the provisions of Section 260 of the Companies Act, 1956 expires at this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

7. **To consider and if thought fit, to pass the following resolution with or without modification, as a Special Resolution:-**

   "**RESOLVED THAT** pursuant to Section 198, 269 and 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions, Central Government and such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Bindu Kumar Luthra as Whole Time Director designated as Executive Director (Works) of the Company for a period of one year with effect from 18 June, 2012.

   **RESOLVED FURTHER THAT** in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, Mr. Bindu Kumar Luthra Executive Director (Works) be paid the following remuneration for a period of one year with effect from 18th June, 2012.

1) **Basic Salary:** Rs. 1,34,200/- per month

2) Perquisites & Allowances:

a) **Housing :** Company Lease Accommodation (lease rent not to exceed 60% of the Basic Salary)

b) Conveyance :

   i) Company's car, with actual petrol and repair & maintenance.

   ii) Driver's salary Rs. 8,000/- per month to a maximum.

c) **Telephone :** One telephone at residence (Rs. 5000/-per month to a maximum)

d) Medical Reimbursement : Expenses incurred for him and his family subject to a maximum of five percent of the basic salary per month.

e) Leave Travel Allowance : One month basic salary per annum.

f ) **Bonus/Ex-gratia :** One month basic salary per Annum.

g) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund :** As per the rules of the Company which shall not be computed for the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

h) **Gratuity :** Gratuity payable shall not exceed half month's salary for each completed year of service.

i) Sitting Fee : Mr. Bindu Kumar Luthra will not be entitled for sitting fees for attending the meetings of the Board or Committees thereof.

j) Minimum Remuneration : In the event of inadequacy or absence of profit in any financial year during his tenure, Mr. Bindu Kumar Luthra will be entitled to remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in terms of Para 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

Explanation: Provision of car for use of Company's business and telephone at residence will not be considered in computing the value of perquisites.

**Note :** All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s)

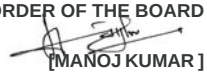
3) **Other Terms:**

   i. Leave: As per the rules of the Company.

   ii. Reimbursement of entertainment expenses: Mr. Bindu Kumar Luthra will be entitled to reimbursement of entertainment and other expenses incurred in the course of legitimate business purpose of the Company.

   **RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**BY ORDER OF THE BOARD**



**Place : New Delhi** **[MANOJ KUMAR ]**
**Dated : 22nd August, 2012** **COMPANY SECRETARY**

**NOTES:**

**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.**

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain close from 22nd September, 2012 to 29th September, 2012 (both days inclusive).
3. Non- Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
4. 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 Shares Department of the Company.
5. Members are requested to notify immediately the change in their address, if any, at the Registered Office of the Company.
6. 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 Board of Directors at their meeting held on 5th May, 2012 appointed Mr. Shyam Vyas as an additional director of the Company. As per the provisions of Section 260 of the Companies Act, 1956. Mr. Shyam Vyas holds the office of director only up to the date of this Annual General Meeting. Mr. Shyam Vyas is an educationist and has experience of more than 25 years and has worked at various levels of management. His experience is in the area of administration and management of large organisation. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500, proposing the candidature of Mr. Shyam Vyas as Director of the Company. The Board recommends this resolution to be passed as an ordinary resolution.

None of the Directors are interested or concerned in the resolution except Mr. Shyam Vyas.

**ITEM NO. 6**

The Board of Directors at their meeting held on 22nd August, 2012 appointed Mr. Jagdish Chander Chawla as an additional director of the Company. As per the provisions of Section 260 of the Companies Act, 1956. Mr. Jagdish Chander Chawla holds the office of director only up to the date of this Annual General Meeting. Mr. Jagdish Chander Chawla is an educationist and has experience of more than 40 years and has worked at various levels of management. His experience is in the area of administration and management. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500, proposing the candidature of Mr. Jagdish Chander Chawla as Director of the Company. The Board recommends this resolution to be passed as an ordinary resolution.

None of the Directors are interested or concerned in the resolution except Mr. Jagdish Chander Chawla.

**ITEM NO. 7**

Mr. Bindu Kumar Luthra is an Engineering Graduate from BHU and has experience of more than 32 years and has worked at various levels of management. His experience is in area of administration, operations and technical aspects of Company's business.

Considering the above facts, other relevant factors and the comparative remuneration in the industry, the Remuneration Committee, pursuant to Schedule XIII of the Companies Act, 1956 approved and recommended to the Board for payment of such remuneration as mentioned in Item No. 7 of this notice, to Mr. Bindu Kumar Luthra for a period of one year w.e.f. 18 June, 2012. The Board in their meeting held on 5th May, 2012 had approved the appointment of Mr. Bindu Kumar Luthra as the Whole Time Director to be designated as Executive Director (Works) and payment of remuneration to him subject to your approval.

The information as required under Schedule XIII to the Companies Act, 1956 is given herein under:

**I. GENERAL INFORMATION:**

(1) Nature of Industry : Sponge Iron

(2) Date or expected date of commencement of commercial production : The Company commenced commercial production on 1st July, 1989

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

(4) Financial performance based on given indicators:

(Rs. in Lacs)

| Financial Parameters | Year ended 31.03.2012 |
|---|---|
| Sales (Net of Excise Duty) & Other Income | **17,232.20** |
| Profit / (Loss) before Interest, Depreciation & Income Tax | **(710.93)** |
| Interest & Finance Charges | **1,011.68** |
| Depreciation | **347.98** |
| Profit/(Loss) for the year before Tax | **(2,070.59)** |
| Provision for Tax | **Nil** |
| Profit/(Loss) for the year carried to balance shbeet | **(2,070.59)** |

(5) Export performance and net foreign exchange collaborations: Nil

(6) Foreign investments or collaborators, if any: Nil

**II. INFORMATION ABOUT THE APPOINTEE:**

(1) Background details : Mr. Bindu Kumar Luthra is an Engineering Graduate from BHU. He has been associated with the industry for more than 32 years and has worked at various level of management.

(2) Past remuneration : At the Annual General Meeting held on 29th September, 2011, the shareholders approved basic salary of Rs. 1,34, 200/- per month plus perquisites to Mr. Bindu Kumar Luthra for a period of one years w.e.f. 18th June, 2011.

(3) Recognition or awards : None

(4) Job profile and his suitability : He joined as the Chief Executive Officer of the Company and was appointed as Whole Time Director designated as Executive Director (Works) of the Company w.e.f 18th June, 2010 for a period of one year. He continues to be Executive Director (Works) of the Company w.e.f 18th June, 2012 post his reappointment for one year in the Board Meeting held on 5th May, 2012. He has vast experience in the area of administration, operations and technical aspects of Company's business.

(5) Remuneration proposed: Details of proposed remuneration is given in Item No. 7 of the Notice convening the 30th Annual General Meeting.

(6) Comparative remuneration profile with respect to industry size of the company, profile of the position and person: In the similar sized sponge iron units, remuneration is ranging between Rs. 25 lakhs to Rs. 40 lakhs per annum.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. He does not have pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel except drawing salary from the Company.

**III. OTHER INFORMATION:**

(1) **Reasons of loss or inadequate profits:** The profitability has suffered due to increase in raw materials cost and low production due to unavailability of sufficient quantity of iron ore & coal.

**Steps taken or proposed to be taken for improvement:**

**IRON ORE MINE**

The Ghatkuri Mines with 406.40 hectare of land and consisting of Iron Ore reserves estimated at 35.65 million tons was allotted to the company vide letter dated 2nd February, 2007.

Based on the visual survey it was estimated that the reserves of Iron Ore in the allocated space may not match the original estimate of 35.65 Million Tons. Accordingly, the company requested the Geological Department in the State Govt. of Jharkhand to carry out the complete Geological Survey and provide the real estimates of Iron Ore Reserves.

The Department has since carried out the survey and the report is expected shortly. In the meantime the company has appointed MECON as their Consultant to work out the Mining Plan including the Mine Closure Plan, besides working out the EMI/EMP (Environmental Clearance) Reports. The same is being worked out.

The Eye estimate conducted by the company put the reserves at well below the overall reserve committed by the State Government of 35.65 Million Tons. The Company thus requested the State Government to carry out a detailed study and the estimates are now placed at around 11 Million Tons (Report Awaited).

The area where the mine is granted to the Company has submitted rich reserve of Iron Ore. The Company has submitted its request for the allocation of the mine at least to meet the original level of 35.65 Million Tons. The same is pending for consideration.

We expect, the Iron Ore Mine shall be operational by first quarter of Financial Year 2015.

**COAL BLOCK**

The Macharkunda Coal Block in the State of Jharkhand with estimated reserves of 24 Million Tons was allotted to the Company vide letter dated 8th August, 2008.

The Mine report has been prepared by CMPDIL as per the directions of Ministry of Coal and the presentation is since made to the Ministry.

At present some changes are suggested by the Ministry and are being incorporated by CMPDIL and we expect the CMPDIL will make the presentation to the Ministry of Forest and Environments. We expect the approval by Ministry of Forest and Environment in December, 2012 and there after the company will begin the development work in the mine and as estimated by CMPDIL, the production can commence in First Quarter of the year 2015.

Once the Iron Ore and Coal Mines becomes operational, the Company will be in a position to meet internally its total requirement of iron ore and coal. This will result in substantial savings in cost of raw-materials, optimizing overheads with capacity utilization and will contribute to the profitability of the Company.

**20 MW WHRSG BASED POWER PLANT:**

Your Company has entered into an agreement with Chandil Power Limited., for sale of hot gases generated by it during production of sponge iron, which at present is a waste and is being discharged into air. The sale price of hot gases will be based on its calorific value. The hot gases will be used by Chandil Power Limited for generating power, in its proposed 20 MW WHRSG based Power Plant at a project cost of Rs. 101 Crores. Chandil Power Ltd. has entered into an Agreement with Tata Power Limited for the sale of power. IREDA has sanctioned Term Loan of Rs. 69 Crores to Chandil Power Ltd. for the project. The Company has applied to the Government of Jharkhand, seeking permission for sub-leasing 22.36 acres of land to Chandil Power Limited required for putting up the said power plant, which is awaited.

At present the Company is passing through a difficult phase, but the future of the Company is encouraging, once the iron ore, coal mine and power plant becomes operational, your company will turn into a profitable Company.

(3) Expected increase in measurable terms : The Company expects to achieve Operating Profit of approx. Rs. 1761 lacs for the year 2012-2013.

Since payment of remuneration to the Whole Time Director requires approval of the shareholders by way of a special resolution in terms of the provisions of Schedule XIII of the Companies Act, 1956, therefore, the Board recommends this resolution to be passed as a special resolution.

The terms of re-appointment given in the said resolution may be treated as an abstract of the terms and conditions of appointment of the said Whole Time Director u/s 302 of the Companies Act, 1956.

None of the Directors are interested or concerned in the resolution except Mr. Bindu Kumar Luthra.

**INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS:**

Mr. K.K.Jain, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. K. K. Jain is a Non-Executive and Independent Director. He is a fellow member of the Institute of Chartered Accountants of India and Law Graduate from Rajasthan University and has more than 36 years of experience in Accounts, Audit, Taxation and Company Law matters. He is also a Director in Modi Industries Limited.

Mr. Jayesh Modi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. Jayesh Modi is a Non-Executive director. He has imbibed entrepreneurship skills from family business and has experience in the area of administration and business management. He is also a Director in SBEC Sugar Limited, SBEC Bio Energy Limited, Chandil Power Limited, and Morgardshammar India Limited.

**BY ORDER OF THE BOARD**

**Place New Delhi** **[MANOJ KUMAR ]**

**Dated: 22nd August, 2012** **COMPANY SECRETARY**

# DIRECTORS' REPORT

**To the Members,**

The Directors have pleasure in presenting the 30th Annual Report of the Company along with audited accounts for the year ended 31st March, 2012.

Rs. In Lacs

| | **2011-12** | 2010-11 |
|---|---|---|
| Sales (Net of Excise Duty) | **17,146.42** | 16,731.82 |
| Other Income | **85.78** | 135.58 |
| Profit / (Loss) before Interest, Depreciation & Income Tax | **(710.93)** | (1,132.32) |
| Interest & Finance Charges | **1,011.68** | 747.36 |
| Depreciation | **347.98** | 507.91 |
| Profit/(Loss) for the year before Tax | **(2,070.59)** | (2,387.59) |
| Provision for Tax : | | |
| Profit / (Loss) for the year carried to Balance Sheet | — **(2,070.59)** | — (2,387.59) |

**OPERATIONS**

During the year under review production of Sponge Iron was 83,495 M.T. as against 1,07,217 M.T. in the previous year. The Company could not achieve full production due to unprecedented low availability of Iron Ore and Coal.

**IRON ORE:**

The Company procures Iron Ore mainly from Orissa because of higher grade. There was an acute shortage from the Orissa Mines. Government of Orissa started the drive to curb down illegal mining and enforced to adhere to environmental norms for mining. As a result, more than 60% of the mines were closed down due to want of pollution clearance, submission of proper mining documents, thus adversely affecting the supply of iron ore. The supplies have now normalized.

It is expected that in the near future the requirement of Iron Ore will be met with the availability of iron ore pellets due to new iron ore pellets plants are coming up near Company's plant.

**IRON ORE MINE**

Iron Ore Mine of 406.50 hectare of land having estimated reserves of iron ore about 35.65 Million Tons allotted by Government of Jaharkhand (GOJ) to the Company vide its letter dated 2nd February, 2007.

Based on the visual survey it was observed that the reserve of iron ore in the allocated area of iron ore does not seems to be of 35.65 Million Tons. Accordingly, the Company has approached GOJ and GOJ conducted the Geological Survey of the area through their Department of Geology, Ministry of Mines. GOJ, Ranchi.

The Director, Geological Department, GOJ, by deputing a number of Geologists along with drilling equipment and after conducting more than 60 Bore Holes they have concluded that the reserve of iron ore in the area allotted to the Company is about 11.4 Million Tons.

- However, the Company has engaged MECON Ltd, Ranchi, as Consultant to prepare the Mining Plan, to the mining closure plan and the EMI/EMP (Environmental Clearance Report) for the mining of the present reserves of 11.4 Million Tons
- MECON has prepared the mining plan and submitted to IBM Calcutta.
- MECON has also prepared the Project Report and estimated the total expenditure for operation of the mines around Rs. 40 Crores and expected the mines will be operative in the first quarter of 2015.
- Further. on receipt of the report, Director, Geological Department, GOJ, Ministry of Mines, GOJ allotted about 11.4 Million tons of the reserve to us. The Company has requested GOJ either our area to be enhanced to cover balance of 24 Million Tons of Iron Ore or may be allotted to some other area having the reserve of 24 Million Tons of iron ore Reserve.

**COAL**

The Company had linkages with Southern Eastern Coal fields (SECL) and Central Coal Fields Ltd. (CCL). In the month of February 2011, the coal prices were increased by Coal India Ltd. (CIL) in B grade coal by 125 % and in E & F grade coal by 30%. Due to steep increase in the price of coal by CIL of "B" grade coal, the use of the same became unviable. The Company approached Ministry of Coal to change its linkage from SECL of B grade coal to E & F grade coal from CCL.

In the month of December 2011, the Company got approval from CCL for the supply of coal of B & C Grade. SECL did not make any supply of coal during March, 2011 to December, 2011. Further, due to diversion of rakes to power plants, rakes were not allotted by Railway to the Company.

Consequent to that the Company had no alternative but to take the kilns on hold very frequently during the year, due to which the production of sponge iron suffered very adversely.

**COAL MINE**

Ministry of Coal, Govt. of India allotted 395 Hectors of Coal Mines in the Macharkunda Coal Block in the State of Jharkhand having estimated reserves of 24 Million Tons of A/B grade coal vide letter dated 8th August, 2008.

- The Company has engaged CMPDIL as consultant for preparing the mining plan, mine closure plan and EMI/EMP Report on Macharkunda Coal Block.
- The CMPDIL has prepared the mining plan and submitted to Ministry of Coal, Govt. of India in June, 2011.
- CMPDIL also gave the presentation in front of the Standing Committee constituted under MMDR Act 1957. The Committee has made certain observation in mining plan submitted by CMPDIL to them.
- CMPDIL has also clarified all the observations observed by the Committee on 6th July, 2012.
- CMPDIL has also prepared a detailed project report about the development of mining plan and as per the statutory report of the mines, estimated the total investment of Rs. 130 Crores in the phased manner.
- The Company has also applied for Forest clearance on 9th November, 2011 with the Conservative of Forest, Daltonganj.
- The tree numeration completed.
- Compensatry forest land of 18 acres has already been purchased.
- File has been forwarded to the Director Department of Forest, Jharkhand. Keeping in view of the development, we are hopeful the first phase of the production will start in the first quarter of the Financial Year 2015.

**20 MW WHRCG BASED POWER PLANT**

Your Company has entered into an agreement with Chandil Power Ltd. (CPL) , for sale of hot gases generated by it during production of sponge iron, which at present is a waste and is being discharged into air.

- The sale price of hot gases will be based on prevailing calorific value.
- CPL, will generate about 20 MW power based on Waste Heat purchased from BSIL.
- Power Plant Project Cost will be RS. 101 Crore
- IREDA has already sanctioned term loan of Rs. 69 Crore at very low interest rate.
- CPL has also entered into sale agreement with Tata Power Ltd. at minimum Rs. 4/- per KWH and over and above Rs. 4/- per KWH will be shared between CPL and Tata Power Ltd. in the ratio of 75:25.
- Company has already applied to Govt. of Jharkhand for permission of subleasing of 22.36 areas of land to CPL.
- Govt. of Jharkhand has formed a Committee to give its recommendation for subleasing of 22.36 acres of land. The Committee has asked Deputy Commissioner to send his recommendation for consideration and approval.
- The approval for subleasing is expected by 15th September, 2012 and power Plant will be operative by October, 2014.

**5 MW POWER PLANT / STEEL PLANT**

The Company from the existing power plant generates 5 MW Power based on Dolo Char being produced in the manufacturing of sponge iron. Since the Company is not able to consume the total Dolo Char, the Company has entered into an agreement with G.S. Phambutor Pvt. Limited (GSP) to install a 5 MW Power Plant. Whenever the existing power plant goes under regular maintenance, the Company has to generate power from DG Set, which is highly uneconomical. During such time the Company will take the power from GSP and for the rest of the period GSP will consume the power in induction furnace to produce pencil ingot.

**FIXED DEPOSITS:**

The Company has neither invited nor accepted any 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. Shyam Vyas and Mr. Jagdish Chander Chawla were appointed as additional directors on the Board with effect from 5th May, 2012 and 22nd August, 2012 respectively. Mr. B.K. Luthra was re-appointed as the Whole Time Director, designated as Executive Director (Works) of the Company with effect from 18th June, 2012 for a period of one year, subject to your approval.

Notices in writing along with requisite deposits under Section 257 of the Companies Act 1956, have been received from the members of the Company proposing Mr. Shyam Vyas and Mr. Jagdish Chander Chawla as candidates for the office of Directors.

Dr. W. Janke had resigned w.e.f from 5th May, 2012 on his health grounds, as he has crossed 80 years. However he is available to the Company for technical support and guidance. Mr. Vijay Kumar Modi being alternate directors to Dr. W. Janke also ceased to hold office w.e.f. 5th May, 2012.

Bihar State Industrial Development Corporation (BSIDC) had withdrawn the nomination of Mrs. Anshuli Arya and has nominated Mr. Dipak Kumar Singh in her place w.e.f. 5th May, 2012.

IFCI Ltd. has withdrawn nomination of Mr. B.N.Nayak w.e.f. 17th May, 2012 and has not nominated any other person on the Board of the Company as full payment of their dues has been made.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, Mr. K.K. Jain and Mr. Jayesh Modi retires by rotation and are eligible for re-appointment.

None of the directors of the Company are disqualified under Section 274 (1) (g) of the Companies Act, 1956. Your directors have made necessary disclosures as required under various provisions of the Companies Act, 1956.

**AUDITORS:**

i. M/s. Thakur, Vaidyanath Aiyar and Co., Chartered Accountants (Firm Registration No.000038N), Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made would be within the prescribed limits under Section 224 (1B) of the Company Act, 1956.

ii. M/s M.K. Singhal & Co., Cost Accountants has been appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, as Cost Auditors of the Company for the Financial Year 2012-13. The Company has received a letter from them to the effect that their appointment, if made would be within the prescribed limits under Section 224 (1B) of the Company Act, 1956. The Certificate of independence and arms length relationship with the Company and are not disqualified for such appointment within the meaning of Section 226/233-B (5) of the Companies Act, 1956 has been received.

**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 delays in payment of Statutory Dues and Secured Loans (principle installments and interest) the Board of Directors wish to explain as under:

Due to low production and non availability of working capital facility from Banks, 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.

**SUBSIDIARY COMPANY**

Chandil Power Limited has become a subsidiary company of the Company pursuant to Section 4 (1) (a) of the Companies Act, 1956 during the year under review. In accordance with the general circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India the balance sheet, profit and loss account and other documents as required to be attached with balance sheet are not attached with the balance sheet of the Company. The same will be made available to any member of the Company, who may be interested in obtaining the same. The Annual accounts and related documents of the subsidiary company will also be kept open for inspection at the registered office of the Company. Further the consolidation of accounts is not required as Chandil Power has become subsidiary by virtue of control on of composition of board of directors of Chandil Power Limited and the Company do not hold any shares in Chandil Power Limited.

**MANAGEMENT DIACUSSION AND ANALYSIS REPORT**

In terms of Clause 49 of the Listing Agreement with the stock exchange, Management Discussion and Analysis Report is annexed and form part of this report.

**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 have been 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.

**PARTICULARS OF EMPLOYEES :**

None of the employee of the Company fall under the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information 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 Annexure-A and form part of this report.

**ACKNOWLEDGEMENT :**

Your Directors take this opportunity to place on record their sincere thanks to all stakeholders, various departments of Central Government, the Government of Bihar and Jharkhand, Financial Institutions and Banks for their valuable assistance. Your Directors equally 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**
**Dated: 22nd August, 2012** **(Chairman & Managing Director)**

## Annexure - A

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

**CONSERVATION OF ENERGY :**

| | | **Current Year (2011-12)** | Previous Year (2010-11) |
|---|---|---|---|
| **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 | **6,01,505** | 8,93,441 |
| | Unit per liter of HSD | **17.19** | 2.90 |
| | Cost/Unit (Rs.) | **2.40** | 12.21 |
| | 2. Through steam turbine | | |
| | Unit | **2,48,44,900** | 2,59,38,520 |
| | Unit per M.T of fuel | **914** | 983 |
| | Cost/Unit (Rs.) | **2.70** | 1.79 |
| | 2. COAL | | |
| | Quantity (M.T) | **14,75,577** | 1,68,529 |
| | Cost (Rs.) | **37,89,41,768** | 35,01,12,646 |
| | Average Rate (Rs./M.T) | **2,567.75** | 2,077.46 |
| **B.** | **CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)** | | |
| | 1. Electricity (Unit) | **305** | 250 |
| | 2 Furnace Oil | **Nil** | Nil |
| | 3 Coal (M.T) | **1.77** | 1.57 |
| | 4 Others – HSD (Liter) | **3.00** | 2.87 |

**TECHNOLOGY ABSORPTION :**

**(A) Research and Development.**

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

**(B) Technology absorption, adaptation & innovation.**

1. Efforts in brief made towards technology absorption, adaptation & innovation :
   — Technology transfer is complete.
2. **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**

(a) Lurgi SL/RN process for the direct reduction of Iron Ore in a rotary kiln.
(b) Year of import : 1986-89 (plant construction period)
(c) Has the technology been fully absorbed? Yes
(d) 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:** (Rs. Lacs)

| | | **2011-2012** | 2010-2011 |
|---|---|---|---|
| 1 | EARNING | | |
| | Export of Goods on F.O.B OUTGO | **—** | — |
| 2. | EXPENDITURE | | |
| | a) Interest | **7.21** | 10.35 |
| | b) Import on CIF Basis Stores & Spares | **0.24** | 0.32 |

**For & on behalf of the Board**

Place: New Delhi **Umesh K. Modi**
Date : 22nd August, 2012 (Chairman & 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 an Executive Chairman and the number of Independent Directors are equal to half 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 and also the number of Directorships and Committee Memberships held by them in other companies are given below:

| Name of the Directors | Executive/Independent/ Non-Executive | No. of meetings attended(+) | Attendance at previous AGM on 30th Sept., 2011 | No. of outside directorships held (*) | No. of membership/ chairmanship in other Board Committee | |
|---|---|---|---|---|---|---|
| | | | | | Chairman | Membership |
| Mr. Umesh K. Modi | Chairman & Managing Director | 4 | Not Present | 7 | Nil | Nil |
| Ms. Ansuli Arya , IAS (**) | Nominee Director | Nil | Not Present | 7 | Nil | Nil |
| Mrs Kum Kum Modi | Non Executive Director | Nil | Not Present | 2 | Nil | Nil |
| Mr. Abhishek Modi | Non Executive Director | 4 | Not Present | 6 | Nil | Nil |
| Mr. Jayesh Modi | Non Executive Director | Nil | Not Present | 4 | Nil | Nil |
| Mr. K.K. Jain | Independent Director | 3 | Not Present | 1 | Nil | 2 |
| Mr. G.C. Jain | Independent Director | 3 | Present | 6 | 4 | Nil |
| Mr. B.N. Nayak (***) | Nominee Director | 4 | Not Present | 1 | Nil | 2 |
| Mr. B.K Luthra | Whole Time Director | 4 | Present | 5 | Nil | Nil |
| Mr. B.D. Garg | Non Executive Director | 4 | Not Present | 2 | Nil | Nil |
| Dr. Wolfgang Janke (****) | Independent Director | Nil | Not Present | Nil | Nil | Nil |
| Mr. G.W. Elsenheimer | Independent Director | Nil | Not Present | Nil | Nil | Nil |
| Mr. Vijay K Modi (*****) | Alternate to Dr. Wolfgang Janke | 3 | Not Present | 2 | 1 | Nil |
| Mr.J.N. Khurana | Alternate to Mr. G. W. Elsenheimer | 4 | Not Present | 2 | Nil | 1 |

(+) Attendance at Board Meetings relevant to the period remained 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.

(**) Bihar State Industrial Development Corporation had withdrawn nomination of Mrs. Anshuli Arya and has nominated Mr. Dipak Kumar Singh in her place w.e.f. 05-05-2012.

(***) IFCI Ltd. has withdrawn nomination of Mr. Mr. B.N. Nayak w.e.f. 17-05-2012.

(****) Dr. Wolfgang Janke has resigned as director of the Company w.e.f. 05-05-2012.

(*****) Mr. Vijay K Modi, alternate director to Dr. W.Janke ceased to hold office w.e.f. 05-05-2012.

(@) Mrs. Kum Kum Modi is related to Mr. Umesh Kumar Modi as wife.Mr. Abhishek Modi and Mr. Jayesh Modi are related to Mrs. Kum Kum Modi & Mr. Umesh K. Modi as sons and mother & father respectively.

Mr. Shyam Vyas was appointed as an additional director of the Company w.e.f. 05-05-2012 and Mr. Jagdish Chander Chawla was appointed as an additional director on 22nd August, 2012.

Four Board Meetings were held during the year on 4th June, 2011, 25th August, 2011, 23rd December, 2011 and 19th March, 2012.

**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. The Company has received confirmations from both the Directors as well as Senior Management regarding compliance of the Code of Conduct for the year ended 31st March, 2012. The Code is posted on the website of the Company i.e. www.bsil.org.in

**INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS:**

Mr. K.K.Jain, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. K. K. Jain is a Non-Executive and Independent Director. He is a fellow member of the Institute of Chartered Accountants of India and Law Graduate from Rajasthan University and has more than 36 years of experience in Accounts, Audit, Taxation and Company Law matters. He is also a Director in Modi Industries Limited.

Mr. Jayesh Modi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. Jayesh Modi is a Non-Executive director. He has imbibed entrepreneurship skills from family business and has experience in the area of administration and business management. He is also a Director in SBEC Sugar Limited, SBEC Bio Energy Limited, Chandil Power Limited, and Morgardshammar India Limited.

**AUDIT COMMITTEE:**

Composition of Audit Committee is in accordance with the revised requirements prescribed by the Code of Corporate Governance.

Audit Committee has following directors:

i). Mr. G.C. Jain, Chairman ii). Mr. K.K. Jain iii) Mr. B.K.Luthra, iv) B.N.Nayak. All the Members except Mr. B.K.Luthra of the Audit Committee are non-executive & Independent Directors and also financially literate. The Company Secretary of the Company acts as a Secretary to the Committee. A representative of Thakur, Vaidyanath Aiyar & Co., the Statutory Auditors and a representative of Thakur & Co., Concurrent Auditors are permanent invitees to the Audit Committee meetings. IFCI Ltd. has withdrawn nomination of Mr. B.N.Nayak from the Board of the Company w.e.f. 17th May, 2012 and hence also ceased to be a member of audit committee from that date. Mr. J.C. Chawla an independent non-executive director has been adopted as a member of audit committee w.e.f. from 22.08.2012.

Six meetings of Audit Committee were held during the year on 10th May, 2011, 2nd June, 2011, 11th August, 2011, 11th November, 2011, 3rd February, 2012 and 19th March, 2012.

Attendance at meetings during the year:

| Director | No. of meetings attended |
|---|---|
| Mr. G.C. Jain | 5 |
| Mr. K.K. Jain | 6 |
| Mr. B.N. Nayak | 6 |
| Mr. B.K. Luthra | 5 |

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:

a) to investigate any activity within its terms of reference;
b) to seek information from any employee;
c) to obtain outside legal or professional advice;
d) to secure attendance of outsiders with relevant expertise, if it considers it so necessary;
e) 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;
f) to recommend the appointment and removal of the external auditor, fixation of audit fees and also approval for payment of any other services;
g) 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;

h) reviewing with the management, external and internal auditors, the adequacy of internal control system;
i) reviewing with the management the quarterly financial statements before submission to the Board;
j) reviewing the adequacy of internal audit function, reporting coverage and frequency of internal audit;
k) discussion with internal auditors on any significant findings and follow up thereon;
l) 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;
m) 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;
n) reviewing the company's financial and risk management policies;
o) 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:

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

**INVESTORS' GRIEVANCE REDRESSAL COMMITTEE:**

The Investors'/Shareholders Grievance Redressal Committee was first constituted on 11th September, 2001.

The Investors' Grievance Committee has following independent directors:

i) Mr. K.K. Jain ii) Mr. G.C. Jain iii) Mr. B.N.Nayak and the Company Secretary of the Company acts as a Secretary to the Committee.

IFCI Ltd. has withdrawn nomination of Mr. B.N.Nayak from the Board of the Company w.e.f. 17th May, 2012 and hence he ceased to be the member of Investors'/Shareholders Grievance Redressal Committee and has not nominated any other person in his place on the Board of the Company. Mr. J.C. Chawla an independent non-executive director has been adopted as a member of the committee w.e.f. from 22.08.2012.

**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, re-materialization, complaints of shareholders etc. During the year under review, the Committee met four times on 10th May, 2011, 11th August, 2011, 11th November, 2011 and 3rd February, 2012. Details of complaints received and addressed during the year under review are given below:

| | Number of complaints received | | | | | |
|---|---|---|---|---|---|---|
| | **Direct** | **Stock Exchanges** | **Investor Associations** | **SEBI** | **Deptt. of Company Affairs** | **Number of total complaints (Share Transfers/ Annual Reports etc.)** |
| 1. Received | 15 | Nil | Nil | Nil | Nil | 15 |
| 2. Replied | 15 | Nil | Nil | Nil | Nil | 15 |
| 3. Pending | Nil | Nil | Nil | Nil | Nil | Nil |

**COMPLIANCE OFFICER:**

Mr. Manoj Kumar, Company Secretary of the Company is the Compliance Officer of the Company.

**REMUNERATION COMMITTEE:**

The Remuneration Committee was constituted by the Board in March, 2006. The Committee has been reconstituted on 2nd June, 2009.

The following persons are the Members of the Committee:

i). Mr. G.C. Jain, Chairman, ii). Mr. K.K. Jain, iii) Mr. B.N.Nayak and the Company Secretary of the Company acts as a Secretary to the Committee.

Two meetings of Remuneration Committee were held during the year on 10th May, 2012 and 25th August, 2011 and all the members of the Committee were present at the meeting. IFCI Ltd. has withdrawn nomination of Mr. B.N.Nayak from the Board of the Company w.e.f. 17th May, 2012. Mr. J.C. Chawla an independent non-executive director has been adopted as a member of audit committee w.e.f. from 22.08.2012.

Details of Remuneration paid to Directors for the year ended on 31st March, 2012. The non-executive Directors (NEDs) are paid remuneration by way of Sitting Fee of Rs. 1,000/- per meeting for attending the meetings of Board and/or Committees thereof.

The details of Remuneration paid to the Directors during the year ended 31st March, 2012 are as under:-

| S. NO. | NAME | SALARY | PERQUISITES AND OTHER BENEFITS | SITTING FEES (Rs.) | TOTAL (Rs.) |
|---|---|---|---|---|---|
| **Executive Directors:** | | | | | |
| 1 | Mr. U. K. Modi | 24,00,000 | 2835341 | — | 44,14,505 |
| 2 | Mr. B.K.Luthra | 15,79,163 | 1,14,098 | — | 31,93,261 |
| **Non-Executive Directors:** | | | | | |
| 3 | Mr. K.K. Jain | — | — | 38,000 | 38,000 |
| 4 | Mr. G.C. Jain | — | — | 14,000 | 14,000 |
| 5 | Mr. B.N. Nayak | — | — | 23,000 | 23,000 |
| 6 | Mr. Vijay K Modi | — | — | 4,000 | 4,000 |
| 7 | Mr. J.N. Khurana | — | — | 4,000 | 4,000 |
| 8 | Mr. B.D. Garg | — | — | 4,000 | 4,000 |

**ANNUAL GENERAL MEETING:**

Date, Place & Time for the last three Annual General Meetings (AGM) :

| Year | Date | Venue | Time | Special Resolution Passed (Yes / No) |
|---|---|---|---|---|
| 2011 | 30.09.2011 | Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand) | 10.00 A.M. | Yes |
| 2010 | 29.09.2010 | Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand) | 10.00 A.M. | Yes |
| 2009 | 26.09.2009 | Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand) | 10.00 A.M. | No |

**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 no 3 under "Notes Related to Accounting Standards" under Annexure -1 of Annual 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 years.

**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 "The Financial Express" and Hindi daily "Chamakta Aina" 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 SEPARATELY.**

**CEO/CFO CERTIFICATION ON THE FINANCIAL STATEMENT:**

Pursuant to Clause 49 of the Listing Agreement, the Chief Executive Officer/Chief Financial Officer have submitted the desired certificate to the Board of Directors and the same have been taken on record by the Board of Directors in their meeting held on 22nd August, 2012.

**GENERAL SHAREHOLDER INFORMATION:**

30th Annual General Meeting is scheduled to be held on Satur.day, 29th September, 2012 at 10:00 AM 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 |
|---|---|---|
| 1. | Quarter ended 30.06.2012: | First fortnight of August, 2012 |
| 2. | Quarter ended 30.09.2012: | First fortnight of November, 2012 |
| 3. | Quarter ended 31.12.2012: | First fortnight of February, 2013 |
| 4. | Quarter ended 31.03.2013: | First fortnight of May, 2013 |

**Book Closure:**

Saturday, 22nd September, 2012 to Saturday 29th September, 2012 (both days inclusive)

**Dividend payment date:**

In view of losses incurred by the Company, no dividend has been recommended by the Board of Directors for the year ended 31st March, 2012.

**LISTING ON STOCK EXCHANGES:**

Your Company is listed at Bombay Stock Exchange Limited, the address of which is given below:

| Stock Exchange | Stock Code |
|---|---|
| Bombay Stock Exchanges Limited, Phiroz Jeejeebhoy Towers, 25th Floor, Dalal Street, Fort, Mumbai-400001 | 500058 |

On 21st March, 1998, the Company after complying with the conditions of Circular No. 6/9/SE/78 dated 28th June, 1979 issued by Ministry of Finance, Department of Economic Affairs, Stock Exchange Division, applied to Ahmedabad, Calcutta, Delhi and Madras Stock Exchanges for de-listing of Equity Shares. The Company has received the letter of confirmation of de-listing from Madras Stock Exchange Association Limited only, matter is pending with others stock exchanges. The Company vide its letter dated 25th September, 2007 applied for voluntary de-listing of Shares from Magadh Stock Exchange, the matter is pending with the Exchange.

The Company has paid listing fee for the financial year 2012-2013 to Bombay Stock Exchange Limited only.

**Market Price Data:**

High/Low of market price of the Company's shares traded on Bombay Stock Exchange Limited during the financial year 2011-2012 is furnished below:

| Month | High Price | Low Price | No. of Shares |
|---|---|---|---|
| Apr-11 | 10.77 | 9.17 | 300850 |
| May-11 | 10.86 | 9.20 | 567557 |
| Jun-11 | 10.59 | 9.35 | 235298 |
| Jul-11 | 9.85 | 8.00 | 436711 |
| Aug-11 | 8.2 | 5.61 | 636742 |
| Sep-11 | 9.2 | 7.44 | 266270 |
| Oct-11 | 7.89 | 7.00 | 114923 |
| Nov-11 | 7.93 | 6.15 | 106715 |
| Dec-11 | 6.97 | 5.41 | 147598 |
| Jan-12 | 8.08 | 5.37 | 300007 |
| Feb-12 | 7.98 | 6.03 | 285282 |
| Mar-12 | 7.08 | 5.77 | 193827 |

**Registrar and Transfer Agents:**

M/s. Beetal Financial & Computer Services Pvt. Limited is the Registrar and Share Transfer Agent of the Company. The physical transfer of Equity Shares and Electronic connectivity for the depository mode for both NSDL and CDSL is being provided by M/S Beetal Financial & Computer Services Pvt. Limited whose address is given below:

M/s. Beetal Financial & Computer Services Pvt. Limited,

99, Madangir, Behind Local Shopping Centre, New Delhi - 110062 Telephone no(s) 011-29961281, 282, 283, Fax: 011-29961284 E-mail : beetalrta@gmail.com

**Share Transfer System:**

The Company, in compliance of SEBI circular no. 15/2002 dated 27th December, 2002, has appointed M/S Beetal Financial & Computer Services Pvt. Limited, (Category-I SEBI registered Registrar & Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities & Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and the enclosures are valid, the shares are transferred within a month, otherwise objection memo is sent to the Transferor with necessary advice to take the required steps. The Share Transfer Committee generally approves once in a fortnight the applications received from members.

**Distribution of Share holding as on 31st March, 2012:**

| No. of Shares | No. of Shareholders | No. of Shares | % age to total shares |
|---|---|---|---|
| Up to 5000 | 54,861 | 83,57,208 | 9.26 |
| 5001 to 10000 | 3,237 | 26,31,161 | 2.92 |
| 10001 to 20000 | 1,249 | 20,26,771 | 2.25 |
| 20001 to 30000 | 362 | 9,36,151 | 1.04 |
| 30001 to 40000 | 175 | 6,39,178 | 0.70 |
| 40001 to 50000 | 195 | 9,43,003 | 1.05 |
| 50001 to 100000 | 248 | 18,87,527 | 2.09 |
| 100001 and above | 218 | 7,27, 84,404 | 80.69 |
| **Total** | **60,590** | **9,02,05,403** | **100.00** |

**Shareholding pattern as on 31st March, 2012:**

| Particulars | No. of Shares Held | % age of shares held |
|---|---|---|
| 1. Promoters | 6,25,52, 579 | 69.34 |
| 2. Mutual Funds & UTI | 64, 550 | 00.07 |
| 3. Banks, Financial Institution & Insurance Companies | 1,15, 820 | 00.13 |
| 4. Foreign Financial Investors | 6,68, 584 | 00.74 |
| 5. Private Corporate Bodies | 32,53, 932 | 3.61 |
| 6. Indian Public | 2,28,78, 594 | 25.37 |
| 7. NRI/OCBs | 6, 67, 016 | 00.74 |
| 8. Any Other (Clearing Members& Trust ) | 4, 373 | — |
| **Total** | **9,02,05, 403** | **100.00** |

**Dematerialization of shares:**

The equity shares of the Company are available for dematerialization. The Securities Identification Number (ISIN) of the Company is INE 819C01011. The equity shares are now tradable only in dematerialized mode.