

**31<sup>ST</sup> ANNUAL REPORT**  
**2012-2013**

**BSIL**  
**BIHAR SPONGE IRON LIMITED**

**Board of Directors**

Mr. Umesh Kumar Modi  
 Mr. Sudhir Kumar, IAS  
 Mrs. Kum Kum Modi  
 Mr. Abhishek Modi  
 Mr. Jayesh Modi  
 Mr. B.D. Garg  
 Mr. G.C. Jain  
 Mr. B.K. Thakur  
 Mr. J.C. Chawia  
 Dr. Shyam Vyas  
 Mr. G.W. Elsenheimer

Chairman & Managing Director  
 Nominee - BSIDC

Director- Finance

**Alternate Director**

Mr. J.N. Khurana

(To Mr. G.W. Elsenheimer)

**Company Secretary**

Mr. Manoj Kumar

**Statutory Auditors**

M/s Thakur, Vaidyanath Aiyar & Co.  
 Chartered Accountants  
 [FRNo. 000038N]  
 221-223, Deen Dayal Marg,  
 New Delhi-110002.

**Cost Auditors**

M/s M.K. Singhal & Co.  
 Cost Accountants  
 Panchvati, Opp. M.M. College  
 Modinagar-201204 (U.P.)

**Audit Committee**

Mr. G.C. Jain  
 Mr. J.C. Chawla  
 Dr. Shyam Vyas

Chairman

**Registered Office & Plant Site**

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

**Bankers**

UBI, SBI, HDFC Bank, ICICI Bank

**Registrars and Share Transfer Agents**

M/s Beetal Financial & Computer Services Pvt. Ltd.  
 Beetal House, 99, Madangir, Behind Local Shopping Complex,  
 New Delhi-110062

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**NOTICE**

Notice is hereby given that 31<sup>st</sup> Annual General Meeting of the Members of Bihar Sponge Iron Limited will be held on Friday 2<sup>nd</sup> day of August, 2013 at 11:00 AM 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 31<sup>st</sup> March, 2013 and Statements of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Kum Kum Modi, who retires from office by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. B.D.Garg, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. G. C. Jain, 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. Bhuwanesh Kumar Thakur who was appointed as an additional director by the Board of Directors on 20<sup>th</sup> December, 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.

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

**"RESOLVED THAT** in accordance with the provisions of 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. Bhuwanesh Kumar Thakur as Whole-time Director, designated as Director-Finance of the Company for a period of 1 year with effect from 20<sup>th</sup> December, 2012 on the terms and conditions contained in item no. 7 of this notice"

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

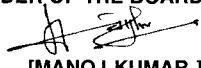
**"RESOLVED THAT** in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and such other approvals as may be necessary Mr. Bhuwanesh Kumar Thakur, Whole-time Director, designated as Director-Finance of the Company be paid the following remuneration for a period of one year with effect from 20<sup>th</sup> December, 2012.

- 1) **Basic Salary** - Rs. 80,250/- 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. 4500/- per month to a maximum.
  - c) **Telephone** - Telephone expenses as per actual.
  - d) **Medical Reimbursement** - Expenses incurred for him and the 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) **Club Membership** - 1000/ month
  - h) **News Paper** - 100/- per month
  - i) **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.
  - j) **Gratuity** - Gratuity payable shall not exceed half month's salary for each completed year of service.
  - K) **Sitting Fee** - Mr. B.K. Thakur will not be entitled for sitting fees for attending the meetings of the Board or Committees thereof
  - l) **Minimum Remuneration** - In the event of inadequacy or absence of profit in any financial year during his tenure, Mr. B.K. Thakur will be entitled to remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in terms of Schedule XIII of the Companies Act, 1956.
- 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 perquisites(s)
- 3) **Other Terms:**
    - i. Leave: As per the rules of the Company.
    - ii. Reimbursement of entertainment expenses: Mr. B.K. Thakur will be entitled to reimbursement of entertainment and other expenses incurred in the course of legitimate business purpose of the Company.

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 28th May, 2013

  
[MANOJ KUMAR]  
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. Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of Special Business are annexed hereto.
2. 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.

3. The Register of Members and Share Transfer Books of the Company will remain close from 26<sup>th</sup> July, 2013 to 2<sup>nd</sup> August, 2013 (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 Shares 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. Bhuwanesh Kumar Thakur is a fellow member of Institute of Chartered Accountants of India, New Delhi and has experience of more than 15 years and has worked at various levels. He was appointed as CFO of the Company from 4<sup>th</sup> June, 2011. His experience is in area of finance, accounts, taxation, administration and operations of the Company's business. The Board appointed him as the Additional Director of the Company at the Board meeting held on 20<sup>th</sup> December, 2012 and as per the provisions of Section 260 of the Companies Act, 1956 Mr. Bhuwanesh Kumar Thakur holds the office of director only up to the date of this Annual General Meeting. 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. Bhuwanesh Kumar Thakur 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. Bhuwanesh Kumar Thakur.

##### ITEM NO. 6

Mr. Bhuwanesh Kumar Thakur is a fellow member of Institute of Chartered Accountants of India, New Delhi and has experience of more than 15 years and has worked at various levels. He was appointed as CFO of the Company from 4<sup>th</sup> June, 2011. His experience is in area of finance, accounts, taxation, administration and operations of the Company's business. The Board has subject to your approval and other approvals as may be required appointed him as the Whole-time director, designated as Director -Finance of the Company w.e.f. 20<sup>th</sup> December, 2012 for a period of one year on the remuneration and perquisites as contained in item no. 7 of this notice.

The present proposal is to seek the member's approval for appointment of Mr. Bhuwanesh Kumar Thakur as the Whole-time director, designated as the Director-Finance in terms of the applicable provisions of Companies Act, 1956. The Board therefore recommends this resolution for your approval as special resolution.

The term of 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 except Mr. Bhuwanesh Kumar Thakur are interested or concerned in the resolution.

##### ITEM NO. 7

Mr. Bhuwanesh Kumar Thakur is a fellow member of Institute of Chartered Accountants of India, New Delhi and has experience of more than 15 years and has worked at various levels. He was appointed as CFO of the

Company from 4<sup>th</sup> June, 2011. His experience is in area of finance, accounts, taxation, administration and operations of the Company's business. The Board has subject to your approval and other approvals as may be required appointed him as the whole time director, designated as Director -Finance of the Company w.e.f. 20<sup>th</sup> December, 2012 for a period of one year on the remuneration and perquisites as contained in item no. 7 of the notice hereof.

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. Bhuwanesh Kumar Thakur for a period of one year w.e.f. 20<sup>th</sup> December, 2012. The Board in their meeting held on 20<sup>th</sup> December, 2012 had approved payment of such 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 1<sup>st</sup> 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	2012-13	2011-12
Sales (Net of Excise Duty)	12,054.16	17,146.42
Other Income	146.00	85.78
Profit / (Loss) before Interest, Depreciation & Exceptional Items	(1,759.86)	(710.85)
Interest & Finance Charges	977.56	1,011.68
Depreciation	346.27	347.98
Profit/(Loss) for the year before Exceptional Items	(3,083.69)	(2,070.51)
Exceptional Items-income/(expenditure)	476.12	(0.08)
Provision for Tax	-	-
Profit / (Loss) for the year carried to Balance Sheet	(2,607.57)	(2,070.59)

- (5) Export performance and net foreign exchange collaborations: None
- (6) Foreign investments or collaborators, if any: None

#### II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background details:** Mr. Bhuwanesh Kumar Thakur is a fellow member of Institute of Chartered Accountants of India, New Delhi. He has been associated with the industry for more than 15 years and has worked at various level.
- (2) **Past remuneration:** The Board appointed Mr. Bhuwanesh Kumar Thakur as Chief Financial Officer of the Company on the basic salary of Rs. 80,250/- per month plus perquisites on 4<sup>th</sup> June, 2011 and was later appointed as Director – Finance w.e.f. 20<sup>th</sup> December, 2012 on the same salary.
- (3) **Recognition or awards :** None.

- (4) **Job profile and his suitability** : He joined as the GM Finance and was later appointed as the Chief Financial Officer of the Company w.e.f. 4<sup>th</sup> June, 2011 and was appointed as Whole Time Director designated as Director - Finance of the Company w.e.f. 20<sup>th</sup> December, 2012 for a period of one year. He has vast experience in the area of finance, accounts, taxation, administration and operations of the Company's business.
- (5) **Remuneration proposed:** Details of proposed remuneration is given in Item No. 7 of the Notice convening the 31<sup>st</sup> 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. 20 lacs to Rs. 30 lacs 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:

#### Reasons of loss or inadequate profits:

The basic reasons for loss is due to low production of Sponge Iron as against the installed capacity. The Company could not achieve full production due to unprecedented low availability of Iron Ore, Coal and working capital shortage.

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

##### IRON ORE MINE :

The Company was allotted Ghatkuri Iron Ore Mine in April, 2007 in the State of Jharkhand with 406.40 hectares of land and consisting of reserves estimated at 35.65 million tons. However, the Geological Survey was conducted by Department of Geology, Ministry of Mines, Govt. of Jharkhand and report was released in February, 2012 wherein they have assessed the Ore reserve to be about 11.00 Million Tons.

The Company has requested for the allocation for an additional Iron Ore Mine to compensate the difference in allocated quantity and for revised geological reserves.

The draft Mining Plan prepared by MECON is already submitted with Ministry of Mines on 3<sup>rd</sup> September, 2012 based on the revised reserves of 11.00 million tons. The Company expects a total capital investment of around Rs.45.00 Crores for the development and anticipates the commencement of production of iron ore by 2015.

##### COAL MINE

Ministry of Coal, Government of India vide its letter No. 38011 / 2 / 2007 – CA – 1 dated 5<sup>th</sup> August 2008, has allocated Macherkunda Coal Block to the Company for captive mining of coal to meet its coal requirement. The allocation of the aforesaid coal block was subject to certain conditions together with milestones that were required to be achieved by the Company as fixed by the Ministry of Coal. However, notwithstanding all bonafide effort by the Company and due to inter departmental issues within the Government which were beyond the power and control of the Company, there was a delay in achieving the milestones. Thereafter the Central Government, without affording any opportunity of hearing to the Company, proceeded to accept the recommendations purported to have been made by the Inter Ministerial Group (IMG) and consequently vide an order dated 20<sup>th</sup> November 2012, communicated its decision to de-allocate the Macherkunda Coal Block.

Upon the de-allocation of the Macherkunda coal block, the Company had filed a writ petition before the Hon'ble Jharkhand High Court, being W.P. (C) No. 7331 of 2012 challenging the decision of the Ministry of Coal to de-allocate the coal block. The Hon'ble Jharkhand High Court, by an order dated 12<sup>th</sup> December 2012 has been pleased to pass the following interim order: "Until further order, no coercive steps shall be taken against the Petitioners pursuant to the impugned order".

#### 20 MW POWER PLANT:

Your Company has entered into an Agreement with Chandil Power Ltd.(CPL) for the sale of hot gases being generated by the Company during production of sponge iron, which at present is a waste and being discharged into the air. The sale price of hot gas will be based on its calorific value. The hot gases will be used by CPL for generating power in its proposed 20MW WHRSG based Power Plant. The Company will get additional revenue from the sale of hot gases and will also get benefit of carbon credit.

CPL has applied for various Govt. approvals necessary for putting up the Plant. The Company has also applied to Govt. of Jharkhand for their permission to sub-lease 22.36 acres of land to Chandil Power Ltd. required for the Power Plant as the same has to set up in the vicinity of BSIL for smooth flow of hot gases. The necessary permission is under consideration of Govt. of Jharkhand.

Further, the term loan sanctioned by Indian Renewable Energy Development Agency Limited ("IREDA") to Chandil Power Ltd. on 30<sup>th</sup> September 2010 for setting up of the 20 MW Power Plant has now been sought to be closed on the basis that NOC for the sub-lease of the land has not been submitted by the Company till date. Chandil Power Limited shall apply for fresh loan to IREDA after BSIL to CPL receives the permission from Government of Jharkhand to sub-lease the land to CPL.

#### 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 power from GSP and for the rest of the period GSP will consume the power in induction furnace to produce pencil ingot. It is expected that the 5 MW power plant and induction furnace will be commissioned by June, 2013.

The above measures being taken by the Company will definitely improve the performance of the Company in terms of profitability.

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 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 except Mr. Bhuwanesh Kumar Thakur are interested or concerned in the resolution.

#### INFORMATION REGARDING REAPPOINTMENT OF DIRECTORS:


Mrs. Kum Kum Modi, Mr. B. D. Garg and Mr. G. C. Jain Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment.

Mrs. Kum Kum Modi is Post graduate from Delhi University and has experience in the area administration and business management.

Mr. B. D. Garg is an Engineering graduate from Banaras Hindu University and has more than 36 years of experience in the area of administration, operations and technical aspects of the industry.

Mr. G. C. Jain is a fellow member of the Institute of Chartered Accountants of India and Law Graduate from Rajasthan University and has more than 37 years of experience in accounts, audit, taxation and company law matters.

BY ORDER OF THE BOARD

  
[MANOJ KUMAR]  
COMPANY SECRETARY

Place : New Delhi  
Dated : 28th May, 2013

## DIRECTORS' REPORT

### To the Members,

The Directors have pleasure in presenting the 31<sup>st</sup> Annual Report of the Company along with audited accounts for the year ended 31<sup>st</sup> March, 2013.

(Rs. in Lacs)

Financial Parameters	2012-13	2011-12
Sales (Net of Excise Duty)	12,054.16	17,146.42
Other Income	146.00	85.78
Profit / (Loss) before Interest,		
Depreciation & Exceptional Items	(1,759.86)	(710.85)
Interest & Finance Charges	977.56	1,011.68
Depreciation	346.27	347.98
Profit/(Loss) for the year before		
Exceptional Items	(3,083.69)	(2,070.51)
Exceptional Items-income/(expenditure)	476.12	(0.08)
Provision for Tax	-	-
Profit / (Loss) for the year carried		
to Balance Sheet	(2,607.57)	(2,070.59)

### OPERATIONS

During the year under review production of sponge iron was 60,873 M.T. as against 83,495 M.T. in the previous year. The Company could not achieve full production due to unprecedented low availability of iron ore, coal and working capital shortage.

#### IRON ORE:

Iron ore is one of the major raw material for the production of sponge iron and due to fast growth of small sponge iron plants in Odisha and Jharkhand, there has been an acute shortage of iron ore in the market.

Further Govt. of Odisha introduced online registration under the guidance of Indian Bureau of Mines, which almost stopped the mining activities in the State of Odisha. Moreover Sponge Iron manufacturers were asked to submit details of yearly Iron ore procurement data, along with the production compilation of the data for verification, which took long time. Thereafter hindrance in supply of iron ore again appeared due to demand of forest clearance from mines owner by Odisha Govt. As a result 60% of the mines were closed for the want of environmental clearance.

#### COAL:

Ministry of Coal, Government of India has allocated Macherkunda Coal Block to the Company for captive mining of coal to meet its coal requirement. The allocation of the aforesaid coal block was subject to certain conditions together with milestones that were required to be achieved by the Company as fixed by the Ministry of Coal. One of the condition to the allocation of said coal mine was the Coal Tapering Linkage Policy issued by the Ministry of Coal (MoC), vide Notification being No. 23011/39/2008-CPD dated 26<sup>th</sup> February 2010 by virtue of which the Company's existing linkage of coal would be tapered on and from 5<sup>th</sup> February 2013 (being the normative date of production from the coal mine allocated) in the forthcoming 4 years by 25 % in each year and an additional price of 40% over the notified basic price of coal would be charged.

The Company had linkages with Central Coalfields Limited (CCL) for supply 1,21,500 MT. of B/C grade coal and 1,30,500 MT. of E/F grade coal per annum. CCL has stopped supplying the linkage coal to the Company from 5<sup>th</sup> February, 2013 on the basis of said Coal Linkage policy.

Since the allocated Macherkunda coal block has been de-allocated by Ministry of Coal vide their letter dated 20<sup>th</sup> November, 2012 the tapering policy do not apply to the Company. The Company has challenged the aforesaid action of the MoC, Coal India Limited and CCL by filing a writ petition before the Hon'ble Jharkhand High Court. In the last hearing held on 14<sup>th</sup> May, 2013 the Hon'ble Court granted one last opportunity and directed the Union of India to file its counter affidavit, failing which the officer concerned will have to appear before the Court to answer as to why the counter affidavit is not being filed in spite of directions. The Court has also directed CCL to file its response.

Further, the MoC has also constituted a Committee under the Chairmanship of Additional Secretary of Coal, to look into the matter, we are hopeful that the issue would be resolved soon.

Further during the period under review insufficient coal rakes were supplied by CCL due to non availability of rakes caused as a reason of priority being given to Power Sector.

#### IRON ORE MINE :

The Company was allotted Ghatkuri Iron Ore Mine in April, 2007 in the State of Jharkhand with 406.40 hectares of land and consisting of reserves estimated at 35.65 million tons. However, the Geological Survey was conducted by Department of Geology, Ministry of Mines, Govt. of Jharkhand and report was released in February, 2012 wherein they have assessed the iron ore reserve to be about 11.00 Million Tons.

The Company has requested for the allocation for an additional Iron ore mine to compensate the difference in allocated quantity and for revised geological reserves. The draft Mining Plan prepared by MECON is already submitted with Ministry of Mines on 3<sup>rd</sup> September, 2012 based on the revised reserves of 11.00 million tons.

The Company expects a total capital investment of around Rs.45.00 Crores for the development and anticipates the commencement of production of iron ore by 2015.

#### COAL MINE

Ministry of Coal, Government of India vide its letter No. 38011 / 2 / 2007 - CA - 1 dated 5<sup>th</sup> August 2008, has allocated Macherkunda Coal Block to the Company for captive mining of coal to meet its coal requirement. The allocation of the aforesaid coal block was subject to certain conditions together with milestones that were required to be achieved by the Company as fixed by the Ministry of Coal. However, notwithstanding all bonafide effort by the Company and due to inter departmental issues within the Government which were beyond the power and control of the Company, there was a delay in achieving the milestones. Thereafter the Central Government, without affording any opportunity of hearing to the Company, proceeded to accept the recommendations purported to have been made by the Inter Ministerial Group (IMG) and consequently vide an order dated 20<sup>th</sup> November 2012, communicated its decision to de-allocate the Macherkunda Coal Block.

Upon the de-allocation of the Macherkunda coal block, the Company had filed a Writ Petition before the Jharkhand High Court, being W.P. (C) No. 7331 of 2012 challenging the decision of the Ministry of Coal to de-allocate the coal block. The Hon'ble Jharkhand High Court, by an order dated 12<sup>th</sup> December 2012 has been pleased to pass the following interim order: "Until further order, no coercive steps shall be taken against the Petitioners pursuant to the impugned order".

#### 20 MW POWER PLANT:

Your Company has entered into an Agreement with Chandil Power Ltd.(CPL) for the sale of hot gases being generated by the Company during production of sponge iron, which at present is a waste and being discharged into the air. The sale price of hot gas will be based on its calorific value. The hot gases will be used by CPL for generating power in its proposed 20MW WHRS based Power Plant. The Company will get additional revenue from the sale of hot gases and will also get benefit of carbon credit.

CPL has applied for various Govt. approvals necessary for putting up the Plant. The Company has also applied to Govt. of Jharkhand for their permission to sub-lease 22.36 acres of land to Chandil Power Ltd. required for the Power Plant as the same has to set up in the vicinity of BSIL for smooth flow of hot gases. The necessary permission is under consideration of Govt. of Jharkhand.

Further, the term loan sanctioned by Indian Renewable Energy Development Agency Limited ("IREDA") to Chandil Power Ltd. on 30<sup>th</sup> September 2010 for setting up of the 20 MW Power Plant has now been sought to be closed on the basis that NOC for the sub-lease of the land has not been submitted by the Company till date. Chandil Power Limited shall apply for fresh loan to IREDA after the Company receives the permission from Government of Jharkhand to sub-lease the land.

#### 5 MW POWER PLANT / STEEL PLANT

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#### 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. B. K. Thakur was appointed as additional Director and then Whole-time Director of the Company designated as Director- Finance, w.e.f. 20<sup>th</sup> December, 2013. Mr. B.K. Luthra resigned as Director of the Company with effect from 23<sup>rd</sup> August, 2012.

Mr. K.K. Jain has resigned as director of the Company w.e.f. 28<sup>th</sup> May, 2013.

Bihar State Industrial Development Corporation (BSIDC) had withdrawn the nomination of Mr. Dipak Kumar Singh and has nominated Mr. Sudhir Kumar vide their letter dated No. 133/G dated 15<sup>th</sup> April, 2013.

In accordance with the provisions of section 257 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, Mrs. Kum Kum Modi, Mr. B. D. Garg and Mr. G. C. Jain 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 Companies 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/non-payment of part of statutory dues the Board of Directors wish to explain as under:

Due to low production as a result of non-availability of coal from CCL, the said dues could not be paid on due dates. Necessary steps for the payment of such dues along with interest for the delayed period are being taken.

#### SUBSIDIARY COMPANY

Chandil Power Limited has become a subsidiary company of the Company pursuant to Section 4 (1) (a) of the Companies Act, 1956. In accordance with the general circular No. 2/2011 dated 8<sup>th</sup> 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 composition of Board of Directors of Chandil Power Limited and the Company do not hold any shares in Chandil Power Limited.

#### MANAGEMENT DISCUSSION 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:

- 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 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  
Dated: 28-05-2013

Umesh K. Modi  
(Chairman & Managing Director)

#### Annexure A:

**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 (2012-13)	Previous Year (2011-12)
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. ELECTRICITY		
A) PURCHASED		
Unit	Nil	Nil
Amount(Rs.)	Nil	Nil
Rate/Unit (Rs.)	Nil	Nil
B) OWN GENERATION		
1. Through Diesel Generator		
Unit	7,99,510	6,01,505
Unit per liter of HSD	2.93	2.40
Cost/Unit (Rs.)	15.37	17.19
2. Through steam turbine		
Unit	2,18,04,700	2,48,44,900
Unit per M.T of fuel	875	914
Cost/Unit (Rs.)	2.73	2.70
2. COAL		
Quantity (M.T)	1,15,501	1,47,577
Cost (Rs.)	30,77,13,248	37,89,41,768
Average Rate (Rs./M.T)	2,664.16	2,567.75
<b>B. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)</b>		
1. Electricity (Unit)	371	305
2. Furnace Oil	Nil	Nil
3. Coal (M.T)	1.90	1.77
4. Others – HSD (Liter)	4.49	3.00

#### 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:

	2012-2013	2011-2012
1 EARNING		
Export of Goods on F.O.B OUTGO	—	—
2. EXPENDITURE		
a) Interest	—	7.21
b) Import on CIF Basis Stores & Spares	—	0.24

For & on behalf of the Board

Place: New Delhi  
Date : 28-05-2013

Umesh K. Modi  
(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 29th Sept., 2012	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	Nil
Mr. Dipak Kumar Singh <sup>(i)</sup>	Nominee Director	Nil	Not Present	Nil	Nil	Nil	Nil
Mrs. Kum Kum Modi	Non Executive Director	Nil	Not Present	2	Nil	Nil	Nil
Mr. Abhishek Modi	Non Executive Director	2	Not Present	7	Nil	Nil	Nil
Mr. Jayesh Modi	Non Executive Director	1	Not Present	4	Nil	Nil	Nil
Mr. B. D. Garg	Independent Director	4	Not Present	2	Nil	Nil	Nil
Mr. K.K. Jain <sup>(ii)</sup>	Independent Director	4	Not Present	1	Nil	2	Nil
Mr. G.C. Jain	Independent Director	4	Present	6	4	Nil	Nil
Mr. B.N. Nayak <sup>(iii)</sup>	Nominee Director	Nil	NA	Nil	1	2	Nil
Dr. Shyam Vyas <sup>(iv)</sup>	Independent Director	1	Not Present	Nil	Nil	Nil	Nil
Mr. J. C. Chawla <sup>(v)</sup>	Independent Director	3	Present	Nil	Nil	Nil	Nil
Mr. G.W. Eisenheimer	Independent Director	Nil	Not Present	Nil	Nil	Nil	Nil
Dr. Wolfgang Janke <sup>(vi)</sup>	Independent Director	1	NA	Nil	Nil	Nil	Nil
Mr. B. K. Thakur <sup>(vii)</sup>	Whole Time Director	1	NA	Nil	Nil	Nil	Nil
Mr. B.K. Luthra <sup>(viii)</sup>	Whole time Director	2	NA	5	Nil	Nil	Nil
Mr. Vijay K Modi <sup>(ix)</sup>	Alternate to Dr. Wolfgang Janke	Nil	NA	1	1	Nil	Nil
Mr.J.N. Khurana	Alternate to Mr. G. W. Eisenheimer	4	Not Present	2	1	Nil	Nil

(+) 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.

(i) Bihar State Industrial Development Corporation had withdrawn nomination of Mr. Dipak Kumar Singh and has nominated Mr. Sudhir Kumar in his place w.e.f 28<sup>th</sup> May, 2013.

(ii) Mr. K. K. Jain has resigned w.e.f. 28<sup>th</sup> May, 2013.

(iii) IFCI Ltd. has withdrawn nomination of Mr. B. N. Nayak w.e.f 17<sup>th</sup> May, 2012.

(iv) Dr. Shyam Vyas was appointed as an additional director of the Company w.e.f. 5<sup>th</sup> May, 2012 and was appointed as director at the 30<sup>th</sup> Annual General Meeting of the Company.

(v) Mr. Jagdish Chander Chawla was appointed as an additional director on 22<sup>nd</sup> August, 2012 and was appointed as director at the 30<sup>th</sup> Annual General Meeting of the Company.

(vi) Dr. Wolfgang Janke has resigned as director of the Company w.e.f. 5<sup>th</sup> May, 2012 and hence Mr. Vijay K Modi, alternate director to Dr. W.Janke ceased to hold office from that date.

(vii) Mr. B. K. Thakur was appointed as whole time director on 20<sup>th</sup> December, 2012.

(viii) Mr. B. K.Luthra has resigned as director of the Company w.e.f.23<sup>rd</sup> August, 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.

Four Board Meetings were held during the year on 05-5-2012, 22-08-2012, 20-12-2012 and 30-03-2013.

### 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, 2013. The Code is posted on the website of the Company i.e. [www.bsil.org.in](http://www.bsil.org.in)

### INFORMATION REGARDING REAPPOINTMENT OF DIRECTORS:

Mr.B. D. Garg, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. B. D. Garg is a Non-Executive Director. He is an engineering graduate from Banaras Hindu University and has more than 36 years of experience in Administration, operations and technical aspects of the industry. He is also a Director in Modi Hitech India Limited and Chandil Power Limited.

Mr. G. C. Jain, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. G. C. 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 37 years of experience in Accounts, Audit, Taxation and Company Law matters. He is also a Director in SBEC Sugar Limited, SBEC Systems (India) Limited, SBEC Bioenergy Limited, OWN Investment (India) Limited, SBEC Stock Holding and Investment Limited and Modi Gourmet Limited.

Mr.Kum Kum Modi, Director of the Company retires by rotation and being eligible, offers herself for re-appointment. Mrs. Kum Kum Modi is a Non-Executive director. She has a Post graduate from Delhi University and has experience in the area administration and business management. She is also a Director in SBEC Sugar Limited and Modi Hitech India Limited.

**AUDIT COMMITTEE:**

Composition of Audit Committee is in accordance with the 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. J. C. Chawla, iv) Dr. Shyam Vyas.

All the Members 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 and the Cost Auditors are invited at the meeting as and when required.

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. B. K. Luthra has resigned w.e.f 23<sup>rd</sup> August, 2012, hence ceased to be the member of Audit Committee from that date. Mr. K. K. Jain has resigned w.e.f. 28<sup>th</sup> May, 2013 and hence ceased to be a member of the Committee from that date.

Mr. J.C. Chawia and Dr. Shyam Vyas both being independent non-executive directors has been adopted as a members of audit committee.

Four meetings of Audit Committee were held during the year on 14<sup>th</sup> May, 2012, 11<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

Attendance at meetings during the year:

Director	No. of meetings attended	Director	No. of meetings attended
Mr. G.C. Jain	4	Mr. J.C. Chawia	2
Mr. K.K. Jain	4	Dr. Shyam Vyas	1
Mr. B.N. Nayak	1		
Mr. B.K. Luthra	1		

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 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. J. C. Chawia ,iv) Dr. Shyam Vyas 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. Chawia and Dr. Shyam Vyas both being independent non-executive directors has been adopted as a member of the committee.

Mr. K. K. Jain has resigned w.e.f 28<sup>th</sup> May, 2012, hence ceased to be member of the committee from that date.

**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 14<sup>th</sup> May, 2012, 11<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

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.)
<b>(2012-2013)</b>						
1. Received	3	Nil	Nil	1	Nil	4
2. Replied	3	Nil	Nil	1	Nil	4
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 22<sup>nd</sup> August, 2012.

The following persons are the Members of the Committee:

- i). Mr. G.C. Jain, Chairman, ii). Mr. K.K. Jain, iii) Mr. J. C. Chawla, iv) Dr. Shyam Vyas

The Company Secretary acts as a Secretary to the Committee.

Two meetings of Remuneration Committee were held during the year on 5<sup>th</sup> May, 2012 and 20<sup>th</sup> December, 2012 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. 17<sup>th</sup> May, 2012. Mr. J.C. Chawla and Mr. Shyam Vyas being independent non-executive directors has been adopted as a members of committee from that date.

Mr. K. K. Jain has resigned as director of the Company w.e.f. 28<sup>th</sup> May, 2013 and hence ceased to be member of the Committee from that date.

The terms of appointment and remuneration of the executive directors are reviewed by the Remuneration Committee keeping in view the performance, industry practice, present compensation package, etc and then recommend the same for the approval of the Board of Directors and the shareholders.

Details of Remuneration paid to Directors for the year ended on 31st March, 2013. 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, 2013 are as under:-

S. NO.	NAME	SALARY	PERQUISITES AND OTHER BENEFITS	SITTING FEES (Rs.)	TOTAL (Rs.)
<b>Executive Directors:</b>					
1	Mr. U. K. Modi	24,00,000	20,23,617	—	45,99,101
2	Mr. B.K.Luthra (Resigned w.e.f. 23-08-2012)	6,36,368	7,42,618	—	15,10,583
3	Mr. B. K. Thakur (Appointed w.e.f. 20-12-2012)	2,71,815	2,09,297	—	4,81,112
<b>Non-Executive Directors:</b>					
1	Mr. K.K. Jain	—	—	48,000	48,000
2	Mr. B. D. Garg	—	—	6,000	6,000
3	Mr. G.C. Jain	—	—	15,000	15,000
4	Mr. Shyam Vyas	—	—	5,000	5,000
5	Mr. J. C. Chawla	—	—	30,000	30,000
6	Mr. B.N. Nayak	—	—	3,000	3,000
7	Mr. J.N. Khurana	—	—	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)
2012	29.09.2012	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	10.00 A.M.	Yes
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.	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:

There were no materially significant related party transactions (ie. Transaction of the Company of the material nature) 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.