

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
Dated : 22nd August, 2012


MANOJ KUMAR J
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, 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 1 st 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 sheet	(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:

- 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.
- 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 year w.e.f. 18th June, 2011.
- Recognition or awards : None
- 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.
- Remuneration proposed: Details of proposed remuneration is given in Item No. 7 of the Notice convening the 30th Annual General Meeting.
- 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.
- 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 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.

- 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.

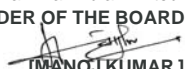
INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS:

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
Dated: 22nd August, 2012


[MANOJ KUMAR]
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 Provision for Tax :	(2,070.59)	(2,387.59)
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 Jharkhand (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 seem 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.
- Compensatory 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 composition of board of directors of Chandil Power Limited and the Company do not hold any shares in Chandil Power Limited.

MANAGEMENT DISCUSSION 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
Dated: 22nd August, 2012


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 (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	—	—
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
Date : 22nd August, 2012


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 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. Anshuli 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. 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 Morgardshamar 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:

- 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:

- 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. IFCl 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, 25 th 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.

Share held in physical and dematerialized from:

As on 31st March, 2012, 42.64 % of Equity Shares were held in dematerialized form and the rest were in physical form.

Outstanding GDRs /ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has no GDRs/ADRs or any convertible instrument.

Plant location of the Company:

Umesh Nagar, Chandil, District Saraikela Kharsawan 832401 (Jharkhand)

Address for correspondence:

All the queries of investors regarding the Company's shares may be sent at the following address:

BIHAR SPONGE IRON LIMITED

Umesh Nagar, Chandil, District Saraikela Kharsawan 832401 (Jharkhand) Website: www.bsil.org.in, Email: companysecretary@bsil.org.in

Nomination Facility:

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company in prescribed Form 2B for this purpose.

AUDITOR'S CERTIFICATE**The Members of BIHAR SPONGE IRON LTD.**

We have examined the compliance of conditions of Corporate Governance of Bihar Sponge Iron Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for the period exceeding one month against the Company as per records maintained by the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
[FRNo. 000038N]

Place : New Delhi

Dated : 22nd August, 2012

[**M.P. Thakur**]

Partner

Membership No. : 052473

MANAGEMENT DISCUSSION & ANALYSIS**1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company produces sponge iron from three kilns with an installed capacity of 2,10,000 MT per annum. The Company's primary product, sponge iron, is a high quality pre-reduced ferrous material and, therefore is preferred to most other materials in place of steel scrap by secondary steel producers operating induction and electric arc furnaces for producing long products for meeting the demand of the construction and infrastructure sectors.

Since the price of sponge iron is purely market driven in the present economy, the Company continuously makes efforts for reducing the cost of production to sustain its margins. The principal cost components of sponge iron consist of coal, iron ore and capital service charges. With the continuous and successful operation of its captive 5.0 MW power plant, the power cost of the Company has reduced significantly.

2. OPPORTUNITIES AND THREATS

Coal and iron ore are the two major raw-materials for producing sponge iron. The price of both iron ore and coal are quite volatile and on most of the times increased by the suppliers, which adversely affects Company margins. Therefore, the Company has been exploring various avenues for procuring good quality iron ore and sufficient 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 Jharkhand (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 seem 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.
- Compensatory 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.

3. SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

During the year, the Company was engaged mainly in the segment of manufacturing and selling of sponge iron.

4. OUTLOOK

The Government is going ahead with the economic reforms process albeit at slower pace. The main thrust is on developing rural economy and agriculture. Flowing of funds through budget and plan towards the vast rural area will increase the income levels of the country's huge rural population and spur demand. The increase in disposable income of the rural economy will be utilized in housing construction which is the biggest user of mild steel. Sponge Iron is basic raw material used by induction furnaces to produce mild steel. Thus there will be a huge demand for Sponge Iron.

5. RISKS AND CONCERNS

The Management periodically carries out risk assessment exercises. Risk factors are also discussed in Audit Committee Meetings. Wherever possible and necessary, insurance cover is taken for risk mitigation. However, an economic slowdown can adversely affect the demand-supply equation in the sponge iron industry. The price of sponge iron is sensitive to the demand-supply position of steel scrap in the country and also to the selling prices of long products. On the financial front, the Company's debt had been restructured pursuant to the rehabilitation scheme sanctioned by Hon'ble BIFR is over on 30th September, 2011 and the networth of the Company has not turned positive. All the installments of principal and interest thereon has already been paid under the scheme, except for the exchange fluctuation on foreign currency loan and interest thereon in respect of which PLA has been filed with High Court of Jharkhand, Ranchi. The BIFR has vide its order dated 30th May, 2012 had directed the Company to file a Modified Draft Rehabilitation Scheme(MDRS) and the same is under preparation.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes and Corporate policies are duly complied with.

The Company has appointed M/s. Thakur & Co., Chartered Accountants as Concurrent Auditors, who conduct audit of various departments and areas. In line with international trend, planning and conduct is oriented towards a review of controls in the management of risks and opportunities in the Company's activities. The annual audit program is developed by the Concurrent Auditors and approved by the Audit Committee of the Board. The Concurrent Auditors' Report is placed before the Audit Committee which met four times during the year to review the audit observations and to follow up implementation of corrective actions. The Committee also consults the company's statutory auditors to ascertain their views on the adequacy of the internal control systems in the Company. The Audit Committee has majority of independent directors to maintain the objectivity.

7. FINANCIAL PERFORMANCE

Turnover (Net of Excise Duty) for the year under review amounted to Rs 17146.42 lacs against Rs. 16731.82 lacs for the previous year, registering an increase of 2.48 % over previous year. The net loss for the year under review is Rs.2070.59 lacs as compared to previous year loss of Rs. 2387.59 lacs. The loss has been due to low production as a result of non-availability of sufficient quantity of iron ore and coal.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company, at the year ended 31st March, 2012 had 606 employees as compared to 617 in the previous year and industrial relations remained cordial during the year.

9. CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, statutes, tax laws and other incidental factors.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

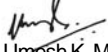
22nd August, 2012


The Board of Directors,
Bihar Sponge Iron Limited
Umesh Nagar,
Chandil, District Saraikela Kharsawan, Jharkhand

We, Umesh K. Modi, Chairman & Managing Director (CEO) and B.K.Thakur, Chief Financial Officer (CFO) of Bihar Sponge Iron Limited both certify to the Board that we have reviewed the financial statement and the cash flow statement of the company for the year ended 31st March, 2012.

To the best of our knowledge, we certify that:

1. The Statements do not contain materially untrue and misleading statements; that the statements present a true and fair view of the company's affairs; that they are made in accordance with the accounting standards and applicable laws and regulations.
2. There are no fraudulent or illegal transactions.
3. For the purpose of financial reporting, we accept the responsibility for establishing and maintaining internal controls which are monitored by the company's Concurrent Auditors and have evaluated based on feedbacks received from them, the effectiveness of the internal controls and have reported to the Auditors and Audit Committee, the deficiencies, if any, in the internal controls.
4. We have indicated to the Auditors and Audit Committee significant changes in the internal controls; accounting policies. There are no instances of fraud, of which we are aware during the period:


Umesh K. Modi
Chairman & Managing Director
(CEO)


B. K. Thakur
Chief Financial Officer

AUDITOR'S REPORT

TO
THE MEMBERS OF BIHAR SPONGE IRON LTD.

1. We have audited the attached Balance Sheet of BIHAR SPONGE IRON LTD. as at 31st March, 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *Attention is drawn to the Note no.3(a) appearing in the Annexure to the financial statements regarding non recognition of liability on account of currency fluctuations on foreign currency loan and interest thereon amounting to Rs. 2142.17 lacs as provided in the BIFR scheme dt. 29.07.2004 and also confirmed by AAIFR/Single Bench of Jharkhand High Court, Ranchi since the company against the order of Single bench of High court., has filed Letters Patent Appellate Jurisdiction (LPA) before the higher bench of High Court of Jharkhand, Ranchi.*
5. Further to our comments in Paragraph 3 & 4 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Director (except one Director who is in the service of the Government of Bihar and is the nominee of the BSIDC and on the board of the company) other than Government Nominee Director, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. The said director of BSIDC, in the opinion of the Board is stated to be covered by the exemption granted for the Directors u/s 274 (1) (g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to explanations given to us, the said financial statements together with notes thereon attached thereto give, in the prescribed manner, the information required by the Act, *and except the financial effect of the matters referred to in paragraph 4 above on the understatement of Loss for the year and the understatement of liabilities as at the year end by Rs. 2142.17 lacs*, give a true and fair view in the conformity with the accounting principles generally accepted in India;
 - i.) in the case of Balance Sheet of the State of affairs of the Company as at 31st March, 2012;
 - ii.) in the case of the Statement of Profit & Loss of the Loss for the year ended on that date; and
 - iii.) in the case of the Cash Flow Statement of the Cash flow for the year ended on that date.

For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
[FRNo. 000038N]

Place : New Delhi
Dated : 22nd August, 2012

M.P. Thakur
(Partner)
Membership No. : 052473

The Annexure referred to in the main Auditor's Report of Bihar Sponge Iron Limited for the Financial Year 2011-2012 of even date:

- i) **Fixed Assets**
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) The Company has a programme of verifying all of the fixed assets over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of assets. Discrepancies noticed on physical verification of the fixed assets conducted during the year are not material and have been properly dealt with in the books of account.
 - c) The Company has not disposed off any substantial part of its fixed assets during the year, which may have any impact on the going concern nature of the Company.
- ii) **Inventories**
 - a) The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The company has maintained proper records of inventory showing full details regarding quantity of receipts, issues, balances and dates of transactions. The discrepancies, noticed on the aforesaid verification, between the physical stocks and stocks as per the books have been properly dealt with in the books of accounts.
- iii) **Transactions with parties u/s 301 of the Companies Act, 1956**
 - a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - b),c)&d) In view of (a) above, Para (b), (c) & (d) of clause 4 (iii) are not applicable.
 - e) The company has taken unsecured loans from companies, firm & other parties covered in the register maintained under section 301 of the Act from four parties amounting Rs. 4081.08 lacs (including opening balance & net of repayment) as at 31.03.2012.
 - f) The rate of interest and other terms and conditions of such loans taken by the company are not prima facie prejudicial to the interest of the company.
 - g) The payment of principal amount and interest of such loan are regular.
- iv) **Internal Control**

In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets, sale of goods and services.
There are no continuing failures to correct matters in respect of lack of adequacy of internal controls brought to the notice.

- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

vi) Fixed Deposits

The Company has not accepted any deposits from the public which are covered under the directives issued by the Reserve Bank of India and the provision of sections 58A and section 58AA or any other relevant provisions of the Act and the rules framed there under.

vii) Internal Audit System

The Company has an adequate internal audit system commensurate with its size and nature of its business.

viii) Cost Records

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting records) Rule 2011 prescribed by the Central Government under 209(1)(d) of the Companies Act 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix) Statutory Dues

- a) According to the records, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax, service tax, sales tax, VAT, Entry tax, excise duty, cess and other applicable statutory dues except that there has been some delay in payment of excise duty/service tax /VAT/Sales Tax.
- b) The details of dues of sales tax, custom duty, excise duty, trade tax and cess etc. which have not been deposited on account of dispute are given hereunder:

Name of the Statute	Forum where Dispute pending	Nature of dues	Period of Dispute	Amount Rs./lacs
1. The Customs Act, 1962	CESTAT, Kolkata	Custom Duty on rate diff. on account of classification of items on imported plant & Machinery	1987-89	106.92
2. The Customs Act, 1962	CESTAT, Kolkata	Custom Duty & Demurrage Charges and interest on imported Stores & spare parts	1991-92 1994-95	104.27 50.32
3. JVAT Act, 2005	Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur	Tax on Non-Submission of JVAT Forms	2006-07	23.97
4. The Central Sales Tax Act, 1956	Jt. Commissioner of Commercial Taxes (Appeals)	Tax on Non-Submission of 'C' Forms	2006-07	3.11
5. JVAT	Disputed demand for JVAT for the 11u/s 70(5)(b) under appeal before the Jt. Comm. of Commercial Taxes (Appeals), Jsr. However stay has been granted on 20.01.2012	Tax on JVAT	2010-11	78.71
6. Finance Act, 1994	The Commissioner of Appeals Central Excise & Service Tax, Ranchi	Recovery of Irregular Cenvat Credit, Cess availed and Penalty thereon	2009-10 2010-11	123.00 199.00
7. Income Tax Act, 1961	The Commissioner of Income Tax (Appeals), JSR	Short Deduction Collection of Tax at Source with Interest and Penalty	2004-05 to 2008-09	83.34
Grand Total				772.64

- x) The company has accumulated losses at the end of the financial year that are not less than fifty per cent of its net worth and the company has incurred cash loss during the current financial year and in the immediately preceding financial year.
- xi) There are no continued defaults in repayment of dues to Financial Institutions or Banks but for certain delays in repayment of principal and interest due thereon on which compound interest has been paid.
- xii) The Company has not granted loans and advances, on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) (a) to (d) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xiv) The Company has not dealt or traded in shares, securities, debentures, and other investments during the year.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) The term loans taken by the Company have been applied for the purpose for which they were obtained, however there has been no term loans obtained during the year under audit.
- xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company as at the end of the year, funds raised on short term basis has not been used for long term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act during the year.
- xix) The Company has not issued debentures hence the question of pending creation of security does not arise.
- xx) The company has not raised any money by public issue during the year and hence disclosure for end use does not arise.
- xxi) Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the year under audit.

For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
[FRNo.000038N]

Place : New Delhi
Dated : 22nd August, 2012

M.P. Thakur
(Partner)
Membership No. : 052473

BALANCE SHEET AS AT MARCH 31, 2012

Rs. Lacs

PARTICULARS	Note. No.	AS AT 31.03.2012	AS AT 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	9025.31	9025.31
(b) Reserves and Surplus	2	(9830.86)	(7513.45)
		<u>(805.55)</u>	<u>1511.86</u>
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	4081.08	4654.42
(b) Other Long Term Liabilities	4	14.27	14.15
(c) Long Term Provisions	5	400.27	372.43
		<u>4495.62</u>	<u>5041.00</u>
(3) Current Liabilities			
(a) Trade Payables	6	5013.67	1837.36
(b) Other Current Liabilities	7	7272.66	7443.46
(c) Short-Term Provisions	8	67.70	27.47
		<u>12354.03</u>	<u>9308.29</u>
Total		<u>16044.10</u>	<u>15861.15</u>
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Asset	9	9417.80	9895.40
(ii) Intangible Assets	10	7.63	10.10
(iii) Capital Work in Progress	11	272.90	106.14
(iv) Intangible Assets under development	12	48.68	48.44
		<u>9747.01</u>	<u>10060.08</u>
(b) Deferred Tax Assets (net)	13	-	-
(c) Long term Loans and Advances	14	79.93	87.56
		<u>79.93</u>	<u>87.56</u>
(2) Current Assets			
(a) Inventories	15	3269.10	3890.92
(b) Trade Receivables	16	126.89	174.39
(c) Cash and Cash Equivalents	17	1212.50	849.36
(d) Short-term Loans and Advances	18	1569.45	743.86
(e) Other Current Assets	19	39.22	54.98
		<u>6217.16</u>	<u>5713.51</u>
Total		<u>16044.10</u>	<u>15861.15</u>

Notes No. 1 to 29 and Annexure I containing Accounting Policies and General Notes forming Part of the Financial Statements As per our report of even date attached.

for **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
[FRNo. 000038N]

Umesh K. Modi
(Chairman & Managing Director)

B.K. Luthra
(Executive Director-Works)

Directors
Abhishek Modi
B.D. Garg
K.K. Jain

M.P. Thakur
(Partner)
Membership no. 052473

Manoj Kumar
(Company Secretary)

B.K. Thakur
(Chief Financial Officer)

G.C. Jain
J.C. Chawla
J.N. Khurana

Place : New Delhi
Date : 22nd August, 2012

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

Rs. Lacs

PARTICULARS	Note. No.	Year Ended 31.03.2012	Year Ended 31.03.2011
I Revenue from operations	20	17,146.42	16,731.84
II Other Income	21	85.78	135.58
III Total Revenue (I +II)		17,232.20	16,867.42
Cost of materials consumed	22	13,276.27	13,066.97
Changes in inventories of finished goods,work-in-progress and Stock-in-Trade	23	87.15	841.44
Employee benefits expense	24	1,679.07	1,556.83
Finance costs	25	1,011.68	747.36
Depreciation and amortization expense	26	347.98	507.91
Other expenses	27	2,900.56	2,533.20
Total Expenses (IV)		19,302.71	19,253.71
IV Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(2,070.51)	(2,386.29)
V Exceptional items	28	(0.08)	(1.30)
VI Profit/(Loss) before extraordinary items and tax		(2,070.59)	(2,387.59)
VII Extraordinary Items		-	-
VIII Profit / (Loss) before tax (VI - VII)		(2,070.59)	(2,387.59)
IX Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total		-	-
X Profit/(Loss) for the year		(2,070.59)	(2,387.59)
XI Earning per equity share:	29		
(1) Basic		(2.30)	(2.65)
(2) Diluted		(2.30)	(2.65)

Notes No. 1 to 29 and Annexure I containing Accounting Policies and General Notes forming Part of the Financial Statements As per our report of even date attached.

for **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
[FRNo. 000038N]

Umesh K. Modi
**(Chairman &
Managing Director)**

B.K. Luthra
(Executive Director-Works)

Directors
Abhishek Modi
B.D. Garg
K.K. Jain

M.P. Thakur
(Partner)
Membership no. 052473

Manoj Kumar
(Company Secretary)

B.K. Thakur
(Chief Financial Officer)

G.C. Jain
J.C. Chawla
J.N. Khurana

Place : New Delhi
Date : 22nd August, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Rs. Lacs

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax and extraordinary items	(2,070.59)	(2,387.59)
Adjustments for :		
Depreciation	347.98	507.91
Interest Expense	1,011.68	747.36
Interest Income	(51.51)	(35.22)
(Profit)/Loss on sales of fixed assets	0.08	1.30
	<u>1,308.23</u>	<u>1,221.35</u>
Operating profit/(Loss) before working capital changes	(762.36)	(1,166.24)
Change in Working Capital		
(Increase)/Decrease in Trade and other Receivables	(763.21)	255.41
(Increase)/Decrease in Inventories	621.83	337.14
Increase/(Decrease) in Trade Payable and Provisions	2,804.16	(923.64)
	<u>2,662.78</u>	<u>(331.09)</u>
Cash (used in) / generated from operations	1,900.42	(1,497.33)
Income Tax paid / (Refund)	(3.67)	8.20
Net Cash (used in) / generation from operating activities	1,896.75	(1,489.13)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63.68	14.82
Purchase of fixed assets	(284.17)	(31.20)
Proceeds from Sales of fixed assets	2.37	9.55
Net Cash (used in)/flow from investing activities	(218.12)	(6.83)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long/Short term borrowings	1,486.96	3,936.55
Interest paid	(407.23)	(354.62)
Repayment of long term borrowings	(821.75)	(809.23)
Repayment of Short term borrowings	(1,573.47)	(1,394.36)
	<u>(1,315.49)</u>	<u>1,378.34</u>
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(1,315.49)	1,378.34
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	363.14	(117.62)
Cash and Cash equivalents at beginning of period	849.36	966.98
Cash and Cash equivalents at end of the period	1,212.50	849.36

Notes:-

- The above Cash Flow Statement has been prepared pursuant to clause-32 of listing agreement with stock Exchange and under the indirect method set out in AS-3 issued by ICAI.
- Figures in bracket indicate cash outflow.

Umesh K. Modi
(Chairman &
Managing Director)

Manoj Kumar
(Company Secretary)

B.K. Luthra
(Executive Director-Works)

B.K. Thakur
(Chief Financial Officer)

Directors

Abhishek Modi
B.D. Garg
K.K. Jain
G.C. Jain
J.C. Chawla
J.N. Khurana

Auditor's Certificate

We have certified the above consolidated Cash Flow Statement of M/s Bihar Sponge Iron Limited, Registered Office, Umesh Nagar, Chandil, Distt Saraikela Kharsawan, Jharkhand, Derived from the audited Statement for the year ended 31st March, 2012 and other records and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges.

for Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
[FRNo. 000038N]

Place : New Delhi
Date : 22nd August, 2012

M.P. Thakur
(Partner)
Membership no. 052473

Notes to Financial Statements for the Year Ended 31st March, 2012

NOTE - 1 : SHARE CAPITAL

Rs. Lacs

PARTICULARS	AS AT 31.03.2012	As at 31.03.2011
Authorised Capital		
100,000,000 Equity Shares of Rs. 10 each (P.Y. 100,000,000)	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed and Paid Up Capital		
90,205,403 Equity Shares of Rs. 10/- each fully paid in cash (P.Y. 90,205,403)	<u>9,020.54</u>	<u>9,020.54</u>
Add: Forfeited Shares (amount originally paid)	<u>4.77</u>	<u>4.77</u>
Total	<u>9,025.31</u>	<u>9,025.31</u>

a) There has been no change in the Issued, Subscribed and Paid up Share Capital.

b) *Terms / Rights attached to equity shares.*

The company has only one class of equity share having a par value of Rs.10/- per shar. Each share holder of equity share is entitled to dividends approved by the shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company after distribution to creditors and all preferential amount. The distribution will be in proportion to the number of equity share held by each shareholder.

c) Shareholder holding more than 5% shares :

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. Of shares	% held	No. Of shares	% held
Moderate Leasing & Capital Services Ltd	4,42,93,633	49.10%	4,42,93,633	49.10%
Bihar State Industrial Development Corpn. Ltd.	67,59,960	7.49%	67,59,960	7.49%

NOTE - 2 : RESERVES AND SURPLUS

Rs. Lacs

PARTICULARS	AS AT 31.03.2012	As at 31.03.2011
Capital Reserve:		
Opening balance	<u>15.00</u>	<u>15.00</u>
Securities Premium Reserve		
Opening balance	<u>2,363.38</u>	<u>2,363.38</u>
Revaluation Reserve		
As per last account	<u>4,853.63</u>	<u>5,100.45</u>
Less: Trfd to Statement of Profit & Loss	<u>246.82</u>	<u>246.82</u>
Closing balance	<u>4,606.81</u>	<u>4,853.63</u>
Surplus		
Loss at the beginning of the year	<u>(14,745.46)</u>	<u>(12,357.87)</u>
Loss as per Statement of Profit & Loss	<u>(2,070.59)</u>	<u>(2,387.59)</u>
Closing balance	<u>(16,816.05)</u>	<u>(14,745.46)</u>
Total	<u>(9,830.86)</u>	<u>(7,513.45)</u>

NOTE - 3: LONG TERM BORROWINGS

Term Loan - Foreign Currency

- Refer (a) below - 486.83

Unsecured:

Deposits

Loans & Advances From Related Parties

- Body Corporates

- Others

	<u>4,038.02</u>	<u>4,167.59</u>
	<u>43.06</u>	<u>-</u>
Total	<u>4,081.08</u>	<u>4,654.42</u>

a) Disputed liability amounting to Rs.2142.17 lacs on account of currency fluctuations on Foreign currency loans obtained by the Company and interest thereon, as per BIFR scheme dated 29.07.2004 and also confirmed by AAIFR/Single Bench of Jharkhand High Court, has not been provided by the Company pending disposal of Letters Patent Applet Jurisdiction (LPA) filed before the larger bench of the Jharkhand High Court, Ranchi against the above order.

b) The Term Loans (Rupee and Foreign Currency) from Indian and Foreign Financial Institutions and Banks are secured by first mortgage on all the Company's immovable properties, both present and future and a first charge by hypothecation of all the movable assets of the Company, save and except book debts, but including movable machinery, machinery spares, tools and accessories, both present and future, subject to the prior charges created / to be created in favour of the Company's Bankers on the Company's stocks of raw materials, semi-finished and finished goods, consumable stores, book debts and such other movables as may be agreed by the Financial Institutions and Commercial Banks for securing borrowings for working capital requirements in the ordinary course of business of the Company ranking pari-passu inter se.

- c) Working Capital Loans from Banks are secured by first charge by way of hypothecation of all the stocks of the raw materials, semi finished goods and finished goods, consumable stores, spares, book debts etc. ranking pari-passu.
- d) Soft Loan (including interest thereon) under Jharkhand Industries Rehabilitation Scheme, 2003 from the State Government of Jharkhand is secured by
- A mortgage of all immovable properties both present and future; and a charge by way of hypothecation in favour of the lender of all the movable, including movable machinery, machinery spares, tools and accessories, present and future, stock of raw materials, semi-finished goods, consumable stores and such other movables as may be agreed upon
 - Additionally secured by way of pledge of new equity share capital of Rs.3250 lacs allotted to the private promoters.
The mortgage and charge referred to in (i) and (ii) mentioned above; shall be in terms of the Rehabilitation Scheme 2003 of the Government of Jharkhand Sanctioned by the BIFR are subject and subservient to the mortgages and charges created and / or to be created in favour of the secured creditors.
- e) The amount of term loans (both Rupee & Foreign currency loans) of Rs.7000 lacs as per BIFR scheme dated 29.04.2004 was repayable in 30 quarterly instalments of Rs.233 lacs each commencing from 15 th July 2004 to 30th September ,2011 which has been fully repaid.
- f) As per clause 8.4 of the BIFR Scheme dated 29.07.2004, the interest on Soft loan under Jharkhand Industries Rehabilitation Scheme,2003 from Govt.of Jharkhand shall be funded over the entire rehabilitation period i.e. upto 30.09.2011. The Soft loan and the funded interest is repayable after 30.09.2011. The defaulted amount of Principal and interest as on 31.03.2012 comes to Rs.3250 lacs and Rs.1852.85 Lacs respectively, for which the Company has approached Government of Jharkhand for reschedulement.

NOTE - 4 : OTHER LONG TERM LIABILITIES

Rs. Lacs

PARTICULARS	AS AT 31.03.2012	As at 31.03.2011
Others		
Security Deposit from Transporters / Contractors	14.27	14.15
Total	14.27	14.15

NOTE - 5 : LONG TERM PROVISIONS

Provision for Employee Benefits :

(a) Provision for Gratuity	349.43	320.84
(b) Provision for leave encasment	50.84	51.59
Total	400.27	372.43

NOTE - 6: TRADES PAYABLES

Acceptances	2,659.49	-
Due to units under MSME (Refer note 6 of Annexure-1)	4.94	9.71
Others	2,349.24	1,827.65
Total	5,013.67	1,837.36

NOTE - 7 : OTHER CURRENT LIABILITIES

Current maturities on long term debts

(Refer Note 3 for nature of Securities)

- Term Loan from Bank & Financial institutions	-	334.92
-Loan from Govt of Jharkhand under Industries Rehabilitation Scheme 2003	3,250.00	3,250.00
Interest accrued due on borrowings	2,152.93	1,754.77
Interest accrued on borrowings but not due	-	14.15
Other Interest accrued	181.03	176.81
Advances from Customers	236.54	450.55
Other Payables		
- Statutory Dues	585.76	650.36
- Other Collections, pending remittance	156.24	345.28
- Due to Employee Benefits	222.82	211.39
- Due for expenses incurred	392.44	161.90
- Book Overdraft	0.73	33.65
- Other Deposit	94.17	59.68
Total	7,272.66	7,443.46

NOTE - 8 : SHORT TERM PROVISIONS

Provision For Employees Benefit

Provision for Gratuity	51.22	19.04
Provision for Leave encasment	16.48	8.43
Total	67.70	27.47

NOTE - 9 : TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		REVALUATION RESERVE*		
	As at April 1, 2011	Additions	Deductions/ Disposal	As at 31.03.12	As at 01.04.11	For the Year	Deduction/ Adjustment	Upto 31.03.12	As at 31.03.12	Ast at 31.03.11	Ast at March 31, 2012
LAND : Freehold land**	31.00	-	-	31.00	-	-	-	-	31.00	31.00	24.15
Leasehold land	388.83	-	-	388.83	48.70	4.96	-	53.66	335.17	340.13	319.87
Building	3,639.44	18.61	-	3,658.05	1,454.90	94.28	-	1,549.18	2,108.87	2,184.55	1,175.25
Plant and Equipment	25,369.45	96.95	-	25,466.40	18,675.25	448.74	-	19,123.99	6,342.41	6,694.20	2,625.27
Furniture & Fixtures	95.97	0.97	-	96.94	64.39	2.04	-	66.43	30.51	31.57	-
Vehicles ***	133.94	-	3.62	130.32	83.05	8.52	1.18	90.39	39.93	50.89	-
Office Equipments	92.28	0.63	-	92.91	61.95	6.44	-	68.39	24.52	30.33	-
Railway siding	1,643.35	-	-	1,643.35	1,110.61	27.35	-	1,137.96	505.39	532.73	462.27
Total	31,394.26	117.16	3.62	31,507.80	21,498.85	592.33	1.18	22,090.00	9,417.80	9,895.40	4,606.81
(Previous Year)	31,413.59	1.74	21.06	31,394.27	20,756.81	752.27	10.21	21,498.87	9,895.40		4,853.63

* Revaluation was done on March 31,2003

** Free hold land includes at Rs.5.93 lakhs (Previous year Rs.5.93 lakhs)for which registration in favour of the company is pending for want of mutation from competent authorities.

*** Vehicles includes Rs. 9.81 lakhs(Previous Year Rs.9.81 lakhs)which are yet to be transferred in the name of the company

NOTE - 10 : INTANGIBLE ASSETS

EDP software	15.27	-	-	15.27	5.17	2.47	-	7.64	7.63	10.10
(Previous Year)	15.27	-	-	15.27	2.70	2.47	-	5.17	10.10	-

NOTE - 11 : CAPITAL WORK IN PROGRESS

PARTICULARS	Cost			
	AS AT 01.04.2011	Addition	Transfer to Tangible	As at 31.03.12
Plant & Machinery	106.14	166.76	-	272.90
(Previous Year)	77.81	28.33	-	106.14

NOTE - 12 : INTANGIBLE ASSETS UNDER DEVELOPMENT**Mining Development**

- Iron Ore Block	39.50	0.24	-	39.74
- Coal Block	8.94	-	-	8.94
Total	48.44	0.24	-	48.68
(Previous Year)	47.31	1.13	-	48.44

NOTE : 13 DEFERRED TAX ASSETS (NET)

Particulars	As at 31.03.2011	For the Year	As at 31.03.2012
Deferred Tax Assets			
Unabsorbed depreciation	4,432.74	135.45	4,568.19
Assessed Business Loss	865.46	582.32	1,447.78
Provision disallowed under Income Tax	126.32	2.20	128.52
Disallowed u/s 43B of Income Tax Act	171.10	137.57	308.67
Total	5,595.62	857.54	6,453.16
Deferred Tax Liability			
Difference between book & tax depreciation	849.01	66.72	915.73
Net Deferred Tax Assets	4,746.61	790.82	5,537.43

Deferred Tax Liability has been calculated in accordance with the Return of Income filed / assessment made.

On conservation basis as required by the Accounting Standard 22 the Deferred Tax Assets and Deferred Tax Liabilities have not been recognised.

NOTE : 14 LONG TERM LOANS AND ADVANCES*(Unsecured, & Considered Good unless otherwise stated)*

Particulars	Rs. Lacs	
	As at 31.03.2012	As at 31.03.2011
Capital Advances (Unsecured, Considered Good)*	18.05	18.05
Security Deposit with Govt & Other Parties (Secured, Considered Good)	18.72	11.66
Sales Tax recoverable (Unsecured, Considered Good)	43.16	57.85
Total	79.93	87.56

* Represent Rs. 9.42Lacs paid to supplier for the cost of Kiln IV & Rs. 8.63 Lacs for acquisition of Land

NOTE : 15 INVENTORIES*(Valued at lower of cost or net realisable value)*

Raw Materials	612.81	1,065.88
Work-in-Progress	33.01	28.07
Finished Goods	1,830.23	1,922.33
Stores & Spares	778.16	862.00
Goods-in-transit (Stores & Spares)	14.89	12.64
Total	3,269.10	3,890.92

Note : 16 TRADE RECEIVABLES*Outstanding for more than six months**Others*

- Unsecured, Considered Good :

	-	-
Total	126.89	174.39

Note : 17 CASH & CASH EQUIVALENTS*Cash and Bank Balances*

Balance with Scheduled Bank

- in Current Account

Cheque / Draft in hand and intransit

Cash in hand

Other Bank Balances

Fixed Deposits with maturity of more than 12 months*

	72.90	72.33
	-	6.59
	24.79	21.16
	1,114.81	749.28
Total	1,212.50	849.36

* Include margin money of Rs.792.19 Lacs (P.Y. Rs.433.91 Lacs) pledged against bank guarantee and LCs issued in favour of Coal India Ltd South Eastern Railway Rs.22.38 Lacs (P.Y. Rs.18.25 Lacs), Jharkhand State Pollution Control Board Rs.4.24 Lacs (P.Y.Rs. 2.12 Lacs) and Rs.15.00 Lacs (P.Y. Rs.14.00 Lacs) pledged with Sales Tax Authorities. Further the above include FDR valued Rs.281 Lacs held in the name of thirty party which has been pledged with Ministry of Coal.

NOTE :18 SHORT TERMS LOANS AND ADVANCES*(Unsecured, Considered Good unless otherwise stated)***Others:**

Advance recoverable in cash or in kind or for value to be received

Advances against Raw Materials

Balance with Revenue Authorities :

- Excise / Cenvat and Service tax Recoverable

- Sales Tax Recoverable

- Advance Fringe Benefit Tax

- Income tax refund

- Tax deducted at source

	118.19	125.52
	1,297.41	488.69
	40.92	33.40
	97.33	84.32
	-	2.49
	8.51	3.84
	7.09	5.60
Total	1,569.45	743.86

NOTE :19 OTHER CURRENT ASSETS*(Unsecured, Considered Good unless otherwise stated)*

Interest accrued on fixed deposit

Claims receivable

	39.22	51.39
	-	3.59
Total	39.22	54.98

NOTE : 20 REVENUE FROM OPERATIONS

Rs. Lacs

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Sales		
Gross Sales	18,524.78	18,476.74
Less:Excise duty	1,378.36	1,744.90
Total	17,146.42	16,731.84

NOTE : 21 OTHER INCOME

Interest on Fixed Deposits & Others*	51.51	35.22
Other non-operating income		
a. Sales of Waste and Scrap	24.88	24.45
b. Rent recovery from staff	0.78	1.26
c. Reversal of excess provisions made in earlier year	4.77	59.15
d. Debit/Credit balance written back (net)	3.84	15.50
Total	85.78	135.58

* Includes Tax deducted at source Rs. 7.09 lakhs (P.Y.Rs.5.59 lakhs)

NOTE : 22 COST OF MATERIALS CONSUMED

Raw materials:		
Iron ore	9,444.30	9,504.62
Coal	3,789.42	3,501.13
Dolomite	42.55	61.22
Total	13,276.27	13,066.97

NOTE : 23 CHANGED IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS

Opening Stock		
Finished Goods	1,922.33	2,773.79
Work in progress	28.07	18.05
Closing Stock		
Finished Goods	1,830.24	1,922.33
Work in progress	33.01	28.07
Net changes		
Finished Goods	92.09	851.46
Work in progress	(4.94)	(10.02)
Net Decrease	87.15	841.44

NOTE : 24 EMPLOYEE BENEFITS EXPENSE

Salaries,Wages and Allowances	1,398.01	1,267.81
Gratuity	66.79	85.76
Leave Encashment	9.63	15.99
Contribution to Provident Fund	106.23	96.82
Inspection charges Provident Fund	1.70	1.56
Staff Welfare Expenses	96.71	88.89
Total	1,679.07	1,556.83

*includes directors remuneration Rs.76.08 lacs

NOTE :25 FINANCE COST

Interest :		
a) On long term borrowings	666.91	667.87
b) Interest on Taxes		
- Excise duty/Service Tax/l. Tax /Sales Tax	17.60	16.28
- Fringe benefit tax.(F.B.T)	-	0.22
c) Other Interest (Security Deposit & Others)	8.34	58.96
Net gain/loss on foreign currency transactions	-	-
Bank & Other Charges	4.26	4.03
Bill discounting charges	314.57	-
Total	1,011.68	747.36

NOTE - 26 : DEPRECIATION & AMORTIZATION EXPENCES

Rs. Lacs

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Depreciation & Amortization	594.80	754.73
Less: Amount transfer from Revaluation reserve (Note no.2)	(246.82)	(246.82)
Total	347.98	507.91

NOTE - 27 : OTHER EXPENSES

Consumption of Stores & Spare parts	44.96	46.22
Excise Duty on Increase/(Decrease) of stock	(51.74)	(112.06)
Power & fuel	891.33	638.30
Handling charges	198.60	235.81
Water Charges	38.70	7.41
Repair & Maintenance:		
building	4.34	10.06
plant and machinery	717.61	414.35
Railway Siding	17.85	20.72
Others	22.82	19.00
Rent	25.96	30.32
Rates & Taxes incl. wealth tax	4.27	5.16
Insurance	26.33	25.83
Director's Sitting Fee	0.87	0.76
Printing & Stationery	10.60	11.73
Telephone, Telex and Postage	25.93	27.10
Vehicle Running & Maint.	110.04	99.60
Travelling & Conveyance	31.07	44.97
Legal & Professional	64.48	111.03
Auditor's Remuneration		
- As Audit Fee	5.00	5.00
- As Tax Audit	0.40	0.40
-Certification and Company Law	2.35	2.35
-Expenses Reimbursement	0.71	0.79
Repair & Maintenance	24.78	29.35
Social Development Expenses	33.92	34.59
Miscellaneous Expenses	38.09	31.58
Prior Period Items (net)	0.13	2.45
Sales tax expenses	-	0.37
Advertisement and Sales Promotion	4.83	5.11
Packing, Freight & Forwarding	584.97	770.95
Commission on Sales	21.36	13.95
Total	2,900.56	2,533.20

NOTE - 28 : EXCEPTIONAL ITEMS

Profit/(Loss) on sale of fixed assets (net)	(0.08)	(1.30)
Total	(0.08)	(1.30)

NOTE - 29 : EARNING PER SHARE (EPS)

EPS has been computed in accordance with Accounting Standard AS-20 :

Profit /(Loss) after tax for the year as per accounts attributable to equity shareholders.

(2,070.59) (2,387.59)

Weighted Average number of equity shares of Rs.10/- each fully paid outstanding during the period used in computing the basic earnings per equity share.

9,02,05,403 9,02,05,403

Basic & Diluted Earnings per share

(2.30) (2.65)

ANNEXURE 1 : ACCOUNTING POLICIES & GENERAL NOTES**I. Accounting Policies****1. Basis of preparation of Financial Statements**

The financial statements have been prepared on the historical cost convention basis (except for revaluation of certain fixed assets and providing for depreciation on revalued amounts) on accrual basis of accounting. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and the disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

2. Inventory valuation

- a) Stocks of raw materials and stores and spares are valued at weighted average cost or net realisable value whichever is lower. The cost being exclusive of leviable excise duty and set offs of VAT, if any.
- b) The material in transit is valued at invoice cost.
- c) Closing stock of finished goods is valued at lower of cost or estimated realisable value. For this purpose, cost includes depreciation and direct expenses to the point of stocking and excise duty but excludes interest, administrative and selling expenses.
- d) Work-in-progress is valued at lower of cost or net realisable value; for this purpose cost does not include excise duty.

3. Fixed Assets:

- a) Fixed Assets are stated at cost or revalued cost; cost includes taxes, duties (net of CENVAT and set off) and expenditure during construction and installation where applicable. Indirect expenses are not capitalised alongwith fixed assets.
- b) Gross block of Fixed Assets, which are revalued, are stated at the amounts revalued; base for revaluation being the replacement cost method at the time of revaluation of the depreciated value of assets as at the end of the year.
- c) An impairment loss is recognized wherever the carrying value of assets exceeds its net selling price or value in use, whichever is higher.
- d) The cost of stores and materials at the time of issue is debited to CWIP.

4. Expenditure during Construction:

In respect of new projects, all expenses including interest incurred up to the date of commencement of commercial production are capitalized. In respect of substantial expansion of business, at existing locations, only direct costs are capitalized together with interest on the funds relating to them up to the date of commercial production.

5. Depreciation:

- a) Depreciation is provided on straight line method on Tangible assets at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956. Leasehold land is amortised over the lease period.
- b) Depreciation on re-alignment of value of assets as a result of foreign exchange variations is amortised over the unexpired life of the assets.
- c) The value added on revaluation of assets is depreciated over the remaining useful life of the assets. The additional depreciation thereon for the year is withdrawn from the revaluation reserve and credited to the Profit & Loss Account.
- d) Intangible assets are being amortised over their useful life of 6 years.

6. Foreign Currency Translation:

- a) Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions.
- b) Foreign Currency Loans and other Liabilities are stated at the exchange rate prevailing as on date of the Balance sheet.
- c) Exchange variation arising as a result of the translation of foreign currency loans are Capitalised / de-capitalised to relating plant & machinery / assets.
- d) Exchange variations arising as a result of translation of interest on foreign currency loans accrued but not due are treated as income on exchange.

7. Revenue Recognition:

- a) Sales are accounted for based on despatch of finished goods to the customers from various stocking points, and includes excise duty but exclusive of VAT / CST and is net of trade discounts.
- b) Other miscellaneous revenues are recognized when the amount and the collectability are certain. Accordingly insurance claims are accounted for on settlement.

8 Raw Material consumption is accounted for after ascertaining the year end closing stock of the raw materials by an independent Surveyor from the total of the opening stocks and purchases.

9 Salaries and wages on repairs and maintenance of plant & machinery, where carried out internally, are charged to salaries and wages account.

10. Extraordinary Items:

Extraordinary items of income & expenditure as covered by AS-5, are disclosed separately.

11. Borrowing cost

Borrowing cost attributable to the acquisition or construction of a qualifying assets are capitalized as part of cost of that asset. Other borrowing costs are recognized as expense in the period to which they relate.

12. Employee Benefits

Retirement benefits have been recognized in accordance with Revised Accounting Standard 15 issued by the ICAI accordingly:-

- (a) Short Term Employee Benefits
Short Term employee benefits are recognized in the period during which the services have been rendered.
- (b) Long Term Employee Benefits

(i) Defined Contribution Plan**Provident Fund**

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both Employee and employer make monthly contribution to the plan at a predetermined rate of employee's basic salary. Contribution to Provident Fund are administered and managed by a separate fund. Contributions to Provident Fund are expensed in the Profit and Loss account.

(ii) Defined Benefits plan

- (a) Leave encashment
The liability on account of un-availed earned leave at the year end is fully provided for on actuarial valuation basis.

(b) Gratuity

The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering all eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum payment to vested employees at retirement, deaths incapacitation or termination of employment. Liabilities with regards to the Gratuity Plan are determined by actuarial valuation as of balance sheet date and are expensed in the Profit and Loss account.

(iii) The actuarial valuation takes note of actuarial gains and losses.**13. Contingent Liabilities**

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims, not acknowledged as debt, are disclosed by way of a note.

14. Earning Per Share

The earnings considered in accounting the Company's Earning Per Share (EPS) comprise the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing basic & diluted EPS is the weighted average number of shares outstanding during the periods and adjusted for all events.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive shares.

15 Taxation

- a) Provision for current tax is made on the basis of applicable Income Tax Act, 1961.
b) Deferred tax assets and liabilities are accounted for in accordance with AS-22 issued by the Institute of Chartered Accountants of India.

II. NOTES RELATED TO ACCOUNTING STANDARDS**1. Employee Benefits.**

The disclosure of 'Employee Benefits' as defined in Accounting Standard 15 (revised) are as under:

Expenses recognized in the statement of Profit & Loss

Rs. Lacs

	Current Year	Previous Year
--	--------------	---------------

i) Defined Contribution Plan

Employer's Contribution to Provident Fund (Refer Note No. 24)

106.23

96.82

ii) Defined Benefits Plans

(Rs. Lacs)

	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	23.64	21.93	9.37	8.70
Interest cost	28.89	23.92	5.10	4.13
Expected Return on Plan Assets	—	—	—	—
Net Actuarial (gain)/loss	14.26	39.91	(4.85)	2.92
Past Service cost	—	—	—	—
Curtailement and Settlement Cost/(credit)	—	—	24	—
Expenses recognized in the statement of Profit & Loss	66.79	85.76	9.62	15.75

(a) The assumptions used to determine the benefit obligations:

	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Mortality Table (L.I.C.)	1994-96	1994-96	1994-96	1994-96
Discount Rate	8.50%	8.00%	8.50%	8.00%
Expected Rate of increase in Compensation Levels	6.00%	5.50%	6.00%	5.50%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Expected Average remaining working lives of employees (years)	15.96 years	17.58 years	18.56 years	19.57 years

(b) Reconciliation of opening and closing balances of benefit obligations :

(Rs. Lacs)

Benefit Obligation	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous Year	Current Year	Previous Year
Benefit obligation at beginning of the year	339.88	299.03	60.02	51.68
Current service cost	23.64	21.93	9.37	8.70
Interest Cost	28.89	23.92	5.10	4.13
Benefits paid	(6.03)	(44.90)	(2.33)	(7.42)
Curtailement and Settlement cost	-	-	-	-
Contribution by plan participants	-	-	-	-
Past service cost	-	-	-	-
Actuarial (gain)/ loss	14.26	39.91	(4.85)	2.93
Projected benefit obligation at end of the year	(400.64)	(339.88)	(67.32)	(60.02)
Net amount recognized in the balance sheet as at 31.3.2012	(400.64)	(339.88)	(67.32)	(60.02)

(c) There is no plan assets at the beginning and at the closing the year.

(d) Enterprises best estimate of contribution payable for the next year the gratuity plan is Rs. 106.56 lacs and for earned leave liability for Rs. 21.21 lacs.

2. Segmental Reporting

The company is a single location single product company and hence the requirements of AS - 17 on Segment Reporting are not relevant.

3. Related Party Transactions - AS 18

As per AS-18 issued by the Institute of Chartered Accountants of India, the Company's related parties transactions with them are disclosed below:

(a) By virtue of control

Moderate Leasing & Capital Services Ltd.

(b) Key Management Personnel and their relatives

Shri U.K. Modi being Chairman and Managing Director and Shri B.K. Luthra, Executive Director (Works) is the Key Management Personnel.

Mrs. Kum Kum Modi, Director is related to Shri U.K. Modi being his wife and Shri Abhishek Modi, Director and Shri Jayesh Modi, Director are related to Shri U.K. Modi being his sons.

(c) Enterprises over which (b) above have significant influence and with whom transactions have taken place.

- (i) SBEC Sugar Ltd.
- (ii) SBEC Bio-Energy Ltd.
- (iii) Modi Industries Limited
- (iv) Modi Mundipharma Pvt. Ltd.
- (v) Modi Revlon Pvt. Ltd.
- (vi) Modi Line Travel Services Pvt. Ltd.
- (vii) Win Medicare Pvt. Ltd.
- (viii) Modi Motors Pvt. Ltd.
- (ix) Modi Senator India Pvt. Ltd.
- (x) Morgardshammar (India) Ltd.
- (xi) M.G. Mobiles India Pvt. Ltd.
- (xii) H.M. Tube & Containers Pvt. Ltd.
- (xiii) Chandil Power Ltd.
- (xiv) G.S. Pharmbutors Pvt Ltd.
- (xv) A to Z Holdings Pvt Ltd.

Transactions with related Parties (As identified by the Management)

(Rs. Lacs)

Nature of Transactions	By virtue of control		Enterprises where influence exist		Key Managerial Personnel	
	Current Year	Previous Year	Current year	Previous Year	Current year	Previous Year
Sale of Fixed Assets	-	-	2.07	7.62	-	-
Rent Recovered -	-	-	19.19	19.75	-	-
Rent Paid	-	-	30.00	30.0	-	-
Misc Exp. Recovered	-	-	12.92	6.68	-	-
Misc. Exp. Reimbursed/ Paid	-	-	15.15	28.97	-	-
Purchase of Fixed Assets	-	-	34.91	-	-	-
Purchase of Stores	-	-	5.80	-	-	-
Acceptances taken	-	-	4732.50	-	-	-
Acceptances repaid	-	-	2171.36	-	-	-
Bill Discounting charges	-	-	314.57	-	-	-
Interest and Financial charges Paid	250.96	218.19	-	-	1.19	-
Loan taken	947.35	3936.55	496.43	-	43.19	-
Loan repaid	1570.86	985.04	2.49	-	0.11	-
Remuneration to Mg Director	-	-	-	-	44.15	44.18
- Executive Director	-	-	-	-	31.93	20.35
- Sitting Fee to Non-Exec. Directors	-	-	-	-	0.87	0.76
Outstanding balances at on	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
— Receivable	-	-	31.97	32.90	-	-
— Acceptances	-	-	2875.71	-	-	-
— Payable	-	-	132.69	21.11	-	-
— Unsecured Loan	3544.08	4167.59	493.94	-	43.07	-

4. The management is of the opinion that except the assets written off during the year and the assets retired from active use, there is no further impairment of assets as at 31-3-2012 as contemplated in the Accounting Standard (AS) 28.

5. Operating Leases

The company's leasing arrangements are in respect of premises (for office, godown and accommodation of company's officer & directors). These arrangements are both cancelable and non-cancelable in nature and ranging between one to three years as at 31st March, 2012.

Disclosure related to operating lease as lessee as per the Accounting Standard-19 are as under:

Rs. Lacs

Sl.No.	Particulars	As at 31.03.2012	As at 31.03.2011
A	Total of future minimum lease payments under non-cancelable operating leases for each of the following periods		
	- Not later than one year	30.00	30.00
	- Later than one year and not later than five years	27.50	27.50
	- Later than five years	-	-
B	Lease rent recognized as expenses in P&L A/c	61.26	66.98

III : OTHER NOTES REQUIRED BY PART I & PART II OF SCHEDULE VI

(Rs. Lacs)

	As at 31.3.12	As at 31.3.11
1. Contingent Liabilities:		
Claims not acknowledged as debts are as under: -		
(i) Custom Duty on Plant & Machinery	106.92	106.92
(ii) Custom duty and interest on Imported Stores & Spares	154.59	154.59
(iii) (a) JVAT Demand under appeal before the Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur for the Asst. Year 2006-07. (excludes amount Rs.23.07 lacs and paid by the company but not considered as credit by deptt.)	23.97	23.97
(b) Central Sales Tax demand (including interest) under appeal before the Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur for the Financial Year 2006-07	3.11	3.11
(c) Disputed demand for JVAT for the F.Y. 2010-11 u/s 70(5)(b) under appeal before the Jt. Commissioner of Commercial Taxes (Appeals), Jsr. However stay has been granted on 20.01.2012 and a sum of Rs.5879.23 lacs (10% of amount due) has been deposited	58.79	58.79
(iv) Demand for water charges and interest thereon disputed under writ petition before Jharkhand High Court, Ranchi	1738.78	1323.19
(v) Railway Authorities has imposed penalty on the Company earlier which was dismissed by the Jharkhand High Court, Ranchi. Railway Authority has now filed a petition before Supreme Court, Delhi.	56.00	-
(vi) (a) Disputed liability on account of currency fluctuation on foreign currency loans and interest thereon, pending before the Hon'ble High Court, Jharkhand, Ranchi.	2142.17	1888.28
(b) Liability on account of currency fluctuation on upfront payment of foreign currency loan and additional 2% interest rate in lieu of guarantee of Govt. of Jharkhand matter pending in SLP before the Hon'ble Supreme Court, Delhi	1995.43	1819.36
(vii) Disputed Income Tax demand for short deduction/collection or Tax at source based on NSDL report for the F.Y. 2004-05 to 2008-09 u/s 156 raised by DCIT, JSR under appeal before the CIT (Appeal), JSR under section 246A (1) OF THE Income Tax Act, 1961 (with interest & penalty)	83.34	83.34
(viii) Liability for price difference / other claims net of counter claims, if any, arising on account of procurement of raw materials under a contract (since terminated) pending before an Arbitrator / High Court.	Not ascertained	Not ascertained
(ix) (a) The company has received a show cause notice to explain as to why the production of Sponge Iron was low in comparison to iron ore consumed. The company has furnished its reply, justifying consumption of iron ore viz a viz Sponge iron production. The Matter is still pending.	Not ascertained	Not ascertained
(b) Demand for recovery of irregular Cenvat Credit for Service Tax and education cess for F.Y. 2009-10 & 2010-11 under Rule 15(4) of CCR 2004 read with section 78 of the Finance Act 1994 under appeal before The Appellate Tribunal Central Excise & Service Tax, Kolkata	3.22	4.46
(x) Liability on account of Bank Guarantees	1073.19	749.28

2. COMMITMENTS :**2.1 Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 48.56 lacs (Previous Year Rs. 48.56 lacs).

2.2 Other Commitments : Nil (P.Y. Nil)**3. Rehabilitation Scheme:**

(I) The company was declared a Sick Industrial Company within the meaning of clause (0) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 by the Hon'ble BIFR vide its order dated 19.12.1996. The Hon'ble BIFR vide its order dated 29th July, 2004 had sanctioned the Rehabilitation Scheme. The said scheme envisaged a total payment of Rs. 13500 lacs, Rs.6500 lacs was to be paid as upfront payment and the balance Rs. 7000 lacs crores was to be paid in 30 quarterly installments effective from 15th July, 2004. The Rehabilitation Scheme is under implementation.

(II) In the review hearing held on 3rd September, 2007 & 22nd September, 2010, the BIFR, by exercising powers under Section 18 (5) and 18 (9) of the SICA, clarified / directed that the Company would make payment of the due installments to its foreign currency lenders in 'Euro' as per the amount reflected in Euro in the statement annexed to the sanctioned scheme alongwith the applicable interest i.e. LIBOR plus 1% per annum. (LIBOR + 3% in case of delay/ default in payment of installments)

The Company has filed appeal before the Appellate Tribunal for Industrial and Financial Reconstruction (AAIFR) challenging the above said order.

AAIFR in its order dated 23-12-2011 has dismissed the appeal. The above order of AAIFR was challenged by the Company by filing Writ Petition in Jharkhand High Court on 06.02.2012. In the hearing held on 22nd February, 2012, the Appeal was dismissed.

The Company has not recognized Rs.2142.17 lacs the liability on account of foreign currency fluctuation in Euro on foreign currency loans installments and interest thereon as per the BIFR Scheme. The Company has filed a Letters Patent Appellate Jurisdiction (LPA) on 27th July, 2012 before the higher bench in the High Court of Jharkhand, Ranchi against the order of the Single Judge.

(III) The Net worth of the Company could not become positive during the implementation of BIFR Scheme till 30-09-2011. As per Order date 5th May 2012, BIFR directed to the company to submit modified Draft Rehabilitation Scheme (MDRS) within four months for the rehabilitation of the Company.

4. The demand of water charges Rs. 1843.73 lacs (inclusive of interest on arrear of water bills of Rs.161.29 lacs) as on 31.03.2012 (P.Y. Rs.1425.26 lacs inclusive of interest of Rs.132.91 lacs as on 31.3.2011) raised by Chief Engineer, Subarnarekha Multipurpose Project, Chandil has been disputed by the company under a Writ Petition with Jharkhand High Court, Ranchi. However, pending disposal of Writ Petition, the company based on its own estimate of liability has made total provision for Rs. 104.94 lacs up to 31st March, 2012, (Rs.102.08 lacs as on 31.3.2011.)

5. South Eastern Coalfield Ltd. has recovered a penalty of Rs.215.00 lacs in 2011-12 on account of short lifting of coal quantity in terms of Fuel Supply Agreement dated 02.05.2008.

Company has taken up the matter with the Coal India Limited for refund of the said amount and the same is under negotiation as per the terms Fuel Supply Agreement(FSA). Since the company is hopeful of getting of refund, hence no provision has been made in the accounts as at 31-03-2012.

6. Dues to Micro Small and Medium Enterprises:

The disclosure of dues to enterprises covered under Micro, Small and Medium Enterprises Development Act 2006 who have filed a memorandum with the appropriate authority, to the extent the information are available with the Company, are as under :

		As at 31.3.2012	As at 31.3.2011
a)	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	4.94	9.71
	(ii) Interest due thereon.	0.27	0.87
b)	(i) The amount of interest paid in terms of Sec.16 of MSMED Act, 2006 beyond the respective due date during the year.	Nil	Nil
	Amount of interest not claimed & written back.	0.87	0.07
	(ii) The amount of principal paid beyond the due date during the year.	Nil	Nil
c)	The amount of interest due and payable for delay period (where principal has already been paid after due date)	Nil	Nil
d)	The amount of interest accrued and remaining unpaid as at the end of the accounting year.	0.27	0.87
e)	The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act,2006.	0.27	0.87

7 Credit/Debit balances of some of the Creditors, Lenders, Debtors and advances are subject to confirmation at the year end.

8 In the opinion of the Board, Current Assets, Loans and Advances have a realizable value equivalent to the amount at which they are stated in the Balance Sheet and the provision for all known liabilities have been made except to the extent as appearing in other notes.

9. Value of Imports calculated on CIF basis during the financial year.

		Current Year	Previous Year
	Component & Spare Parts	0.24	0.32
10.	Expenditure in Foreign currency during the Financial Year:		
	Interest	7.21	10.35

11. Value of imported and indigenous raw materials and components consumed and percentage of each to total Consumption :

		Rs. Lacs			
		Value	%	Value	%
Raw Material:					
-	Indigenous	13276.27	100	13066.97	100
-	Imported	-	-	-	-
		13276.27	100	13066.97	100
Stores & Spares					
-	Indigenous	543.25	99.84	334.77	100
-	Imported	0.88	0.16	-	-
Total		544.13	100	334.77	100

12. Repairs & Maintenance to Plant include stores and spare parts consumed as under:

		(Rs.Lacs)	
Particulars	Current year	Previous year	
Plant & Machinery	492.20	274.77	
Railway Siding	3.39	8.18	
Others	3.58	5.60	

13. Earning in Foreign Currency: Nil

14. Subsidiary Company:

Chandil Power Limited (CPL) has become Subsidiary of the Company under Section 4(1)(a) of the Companies Act 1956 w.e.f 17th August 2011. CPL is still under development stage and hence no consolidation has been done in line with the provision of AS -21.

Since the Company does not have Share holding interest in the Subsidiary Company, hence the Statement as required in terms of Sec 212 (1)(f) read with section 212 (3) of the Companies Act 1956 is not required to be disclosed.

15. Previous year figures have been recast / restated to conform to the classification required by the Revised Schedule VI

Notes 1 to 29 and Annexure – I containing Accounting Policies and General Notes form part of the Financial Statements.

As per our report of even date attached

for **Thakur, Vaidyanath Aiyar & Co.**

Chartered Accountants
[FRNo. 000038N]

Umesh K. Modi
**(Chairman &
Managing Director)**

B.K. Luthra
(Executive Director-Works)

Directors
Abhishek Modi
B.D. Garg
K.K. Jain

M.P. Thakur
(Partner)
Membership no. 052473

Manoj Kumar
(Company Secretary)

B.K. Thakur
(Chief Financial Officer)

G.C. Jain
J.C. Chawla
J.N. Khurana

Place : New Delhi

Date : 22nd August, 2012

GREEN INITIATIVE

FOR THE KIND ATTENTION OF MEMBERS

As a responsible corporate citizen, your Company welcomes and supports the '**Green Initiative**' taken by the Ministry of Corporate Affairs (**MCA**), Government of India, vide its Circular No. 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011.

The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of Annual Reports and other documents of your Company.

In terms of enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of documents including Annual Report, Notice of Meeting/ Postal Ballot, other shareholder communications, etc. to the members at their e-mail addresses available / registered with the Company.

For supporting this green initiative, if you hold the shares in:

- a. **Electronic form**, please intimate your e-mail address to your Depository Participant (DP). The same will be deemed to be your registered e-mail address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956.
- b. **Physical form**, please send a duly signed letter quoting the name of First / sole holder and Registered Folio addressed to the Company Secretary of the Company or the Registrar & Share Transfer Agent at :

<p>Company Secretary Bihar Sponge Iron Ltd. Umesh Nagar, Chandil Distt. Saraikela Kharsawan - 832401 Jharkhand.</p>	<p>M/s Beetal Financial & Computer Services Ltd. Beetal House, 3rd Floor, Behind Local Shopping Complex 99, Madangir, New Delhi-110062</p>
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Kindly note that if you desire, a physical copy of the Annual Report and other communication/ documents will be sent to you free of cost, as per the current practices. Such documents will also be displayed on the Company's website : www.bsil.org.in

We strongly urge you to support this '**Green Initiative**' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live.

In case, your shares are in physical form, we urge you to have your shares dematerialized by approaching Depository Participant (DP) of your choice.