

# BIHAR SPONGE IRON LIMITED.

REGISTERED OFFICE & PLANT : UMESH NAGAR, CHANDIL-832401, DISTT. SARAIKELA - KHARSAWAN, JHARKHAND  
PHONE (EPABX) : 06591-232410, 232417, Fax : 06591-232412  
E-mail : bsilchandil@gmail.com / Web : bsil.org.in, CIN : L27106JH1982PLC001633

BSIL/SE/CS/2020

28<sup>th</sup> August, 2020

**The General Manager**  
Listing Centre  
BSE Limited  
P J Towers, Dalal Street,  
MUMBAI- 400 001

**SUB: ANNUAL REPORT OF THE 38<sup>TH</sup> ANNUAL GENERAL MEETING (AGM) .**

**SCRIP CODE: 500058**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2019-20.

The Annual Report for the financial year 2019-20 and the Notice of 38<sup>th</sup> AGM are also being uploaded on the Company's website i.e. [www.bsilorg.in](http://www.bsilorg.in).

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For BIHAR SPONGE IRON LIMITED**



**HIMANI MITTAL**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: a/a

**38<sup>th</sup> ANNUAL REPORT**  
**2019-2020**

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

**Board of Directors**

Mr. Umesh Kumar Modi	Chairman & Director
Mrs. Kumkum Modi	
Mr. Abhishek Modi	
Mr. Jayesh Modi	
Mr. Satish Kumar Gupta	Director (Works)
Mr. Jagdish Chander Chawla	
Mr. Brajeshwar Dayal Garg	
Mr. Rajeev Kumar Agarwal	
Dr. Shyam Babu Vyas	
Mr. Madan Lal	
Dr. Rohit Garg	
Mr. Shiv Shankar Agarwal	
Mr. Anirudh Kumar Modi	

**Chief Financial Officer**

Mr. Anil Kumar Sinha

**Company Secretary**

CS Himani Mittal

**Statutory Auditors**

M/s K.K. Jain & Co.  
Chartered Accountants  
[F.R. No. 02465N]  
184A, Garud Apartments,  
Pocket IV, Mayur Vihar, Phase-I  
New Delhi-110091.

**Internal Auditors**

M/s Sarat Jain & Associates  
Chartered Accountants  
[F.R. No. 014793C]  
C-99B, Sector-44,  
Noida, U.P.-201301

**Audit Committee**

Mr. Rajeev Kumar Agarwal	Chairman
Mr. Jagdish Chander Chawla	
Dr. Shyam Babu Vyas	
Mr. Madan Lal	

**Registered Office & Plant Site**

Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan-832401, Jharkhand  
email: companysecretary@bsil.org.in / Web : www.bsil.org.in  
CIN - L27106JH1982PLC001633

**Bankers**

UBI, SBI, HDFC Bank, ICICI Bank

**Registrars and Share Transfer Agent**

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

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## DIRECTORS' REPORT

### To the Members,

The Directors have pleasure in presenting the 38<sup>th</sup> Annual Report of the Company along with audited accounts for the year ended 31<sup>st</sup> March, 2020.

(Rs. Lacs)

Financial Parameters	2019-20	2018-19
Sales (Net of GST)	-	-
Other Income	586.51	864.97
Profit / (Loss) before Interest, Depreciation & Exceptional Items	340.33	557.21
Interest & Finance Charges	0.96	8.61
Depreciation	329.24	428.95
Profit/(Loss) for the year before Exceptional Items	(84.02)	119.65
Exceptional Items -Net income / (Expenditure)	1.42	(130.52)
Provision for Tax	-	-
Loss for the year carried to Balance Sheet	82.60	10.87

### OPERATIONS

The Plant is under shut since 9<sup>th</sup> August, 2013 on account of sudden stoppage of coal supply by Central Coalfields Limited, a Unit of Coal India Limited against long term Fuel Supply Agreement. The Coal available through on line auction by various coal companies were of lower grades and were available at a high price, it was not economically viable for the company to operate with the costlier coal.

### SHORTAGE OF IRON ORE

The operations of the company continued to remain halted on account of shortage of Iron ore availability. Ghatkuri Iron ore Mine allotted to the company in April, 2007 in the State of Jharkhand with 406.40 hectares specifying estimated reserves of 35.65 million tons, proved incorrect as post survey conducted by the State Government of Jharkhand in Feb.2012, the reserve were assessed to be about 11.00 Million tons only and further in view of inferior quality of iron ore in the mine, the company surrendered the mine back to the government with a request for allotment of another mine. The company is still waiting for the allotment of new mine, essential for running smooth and viable operations.

The company's initiative of appointing an independent contract manufacturer from April 2017, are yet to yield positive results as the imposition of heavy penalties levied for illegal mining and violation of pollution control norms at the recommendations of Shah Commission appointed at the behest of the State Government, lead to the closure of many mines which further lead to the shortage of Iron ore availability.

It is expected that on improvement in supply situation for Iron ore, the company's activities will re-commence.

Resultantly, most of the mines closed down which resulted in shortage of iron ore in the market.

In view of the current market development, the Company has entered into a facility user agreement on 1<sup>st</sup> April, 2017 with a Company specialized in contract manufacturing, wherein part of the plant and machinery shall be operated by the said Company. The said contract manufacturing company is considering to re-start the operations of the Company and evaluating all the options available under present circumstances.

### 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 entire dolo char, the Company has entered into an agreement with G S Phambutor Pvt. Ltd. (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. The 5 MW power plant is ready to be commissioned. The Company has been informed that once the sponge iron plant starts its operations, the said power plant will be commissioned and steps for setting up induction furnace will be initiated.

### CORPORATE SOCIAL RESPONSIBILITY

The Company has been receiving constant demands from employees and local residents for establishment of a higher educational institution, for the development of the area and to create employment opportunities for the residents. Due to lack of basic infrastructural facilities like institutions imparting higher education at Chandil, the attrition of employees was quite high, resulting in substantial loss to the Company. Considering the necessity of providing higher and technical education, the Company has set up a trust for establishment of educational institution named BSIL Umesh Modi Educational Trust. This step has been taken by the Company voluntarily.

### DIVIDEND

In view of the loss incurred by the Company, no dividend has been proposed for the financial year ended 31<sup>st</sup> March, 2020.

### SHARE CAPITAL

The paid up Equity Capital as on March 31, 2020 is 9020.54 lakhs. During the year under review, The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

### FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### SUBSIDIARY, ASSOCIATE AND JOINT VENTURES

The Company does not have any Subsidiary, Associate or Joint Venture Company as on 31<sup>st</sup> March, 2020.

### MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year and the date of report.

### DIRECTORS:

#### CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

Since last reported, the following changes have taken place in the Board of Directors:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Jayesh Modi (DIN: 02849637) retires by rotation at forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Mr. B.D. Garg , Mr. Shyam Babu Vyas, Mr. J.C. Chawla, Mr. Madan Lal re- appointed as an Independent Director for a second term of five consecutive years in the Annual General Meeting held on 09th September, 2019.

Mr. Anirudh Kumar Modi appointed as an Additional Director on 10th September, 2019 to hold office till the conclusion of next Annual General Meeting.

Mr. Satish Kumar Gupta (DIN: 03537417) Whole- time Director designated as Director- Works resigned w.e.f 31st March, 2020.

Re-appointment of Mr. Rajeev Kumar Agarwal for second term of Five Consecutive years subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Nitish Nautiyal , Company Secretary resigned w.e.f 30th April,2019.

Ms. Himani Mittal, Company Secretary appointed w.e.f 1st June ,2019.

None of the directors of the Company are disqualified under Section 164 (2) of the Companies Act, 2013. Your directors have made necessary disclosures as required under various provisions of the Companies Act, 2013.

#### Composition of Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, The Company has the following KMPs:

S.No	Name	Designation
1.	Mr.Satish Kumar Gupta*	Whole Time Director
2.	Mr. Anil Kumar Sinha	Chief Financial Officer
4.	Ms. Himani Mittal#	Company Secretary

\* Resigned w.e.f 31st March, 2020.

# Appointed w.e.f. 1st June, 2019.

**DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Director(s) have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

**FORMAL EVALUATION OF BOARD, COMMITTEES AND DIRECTORS**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Independent Directors at their meeting without participation of the Non-Independent Directors and Management, considered/evaluated the Boards' performance, Performance of the Chairman and other Non-Independent Directors.

The Board subsequently evaluated the performance of Independent Directors as per the criteria laid down and has recommended their continuation on the Board of the Company. The working of its Committees (Audit, Nomination and Remuneration and Stakeholders Relationship Committee) and Independent Directors (without participation of the Director being evaluated) were also evaluated. The criteria for performance evaluation have been detailed in the Corporate Governance Report.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year 2019-20, Five Board Meetings were convened and held. Details of the same are given in the Corporate Governance Report which forms part of this report. The intervening gap between any two meetings was within the period prescribed under the Act, and the Listing Regulations.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (5) of the Companies Act, 2013 the Directors of your Company declare as under:

- (a) that in the preparation of the annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departures;
- (b) that the directors had 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis; and
- (e) that the directors, had laid down and implemented internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) Explanation—For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information; and
- (g) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**AUDITORS AND AUDITORS REPORT****Statutory Auditor**

M/s. K. K. Jain and Co., Chartered Accountants (Firm Registration No.002465N), Statutory Auditors of the Company appointed in 35<sup>th</sup> Annual General Meeting of the Company till the conclusion of 40<sup>th</sup> Annual General Meeting.

**AUDITOR QUALIFICATION**

Notes to accounts referred to in the Auditor's Report are self-explanatory and therefore, do not require call for any further explanation. However the following has not been recognized as explained below:

- a. Rs. 3,42,052 thousand against currency fluctuation of foreign currency loan has not been recognized as the Company has filed Letters Patent Appellate Jurisdiction (LPA) before the Divisional Bench of High Court of Jharkhand, Ranchi and it is hopeful that the decision will be in favour of the Company.
- b. Rs. 21,528 thousands recovered by South Eastern Coal Fields Ltd as penalty on account of short lifting of coal quantity in terms of Fuel Supply Agreement as the matter has been disputed by the Company under writ petition filed before

the Hon'ble High Court of Chhattisgarh. It is hopeful that the Company would get the order in its favour.

- c. Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2020 has not been taken on accounts as the Company will apply to the lenders for the waiver of the interest on unsecured loan.
- d. Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 amounting to Rs. 4,03,092 thousand from 10.08.2013 to 31.03.2020 has not been provided as the Company will make representation for waiver on re-start of the Company's operations..

Further due to shut down of the plant and suspension of operation from 9<sup>th</sup> August, 2013 the various dues could not be paid on due dates. Necessary steps are being taken to re-start the Company and payment of such dues shall be made after re-start of operation of the Company.

**INTERNAL AUDITORS**

M/s. Sarat Jain & Associates, Chartered Accountants, Noida, Conducted internal Audit periodically and submitted their reports to Audit Committee. Their Reports have been reviewed by the Audit Committee.

**SECRETARIAL AUDITOR**

M/s. R Singhal & Associates, Company Secretaries (PCS Registration No. 10699) were appointed as the Secretarial Auditor of the Company in relation to the financial year 2019-20, in terms of Section 204 of the Companies Act, 2013.

The Secretarial Audit Report for financial year 2019-20 is attached as "Annexure – A" with this report.

The observation in secretarial audit report are self-explanatory and therefore do not call for any further explanation. Further due to shutdown of the plant and suspension of operations since 09.08.2013 various dues could not be paid on due dates. Necessary steps are being taken to re-start the Company and payment of all such dues shall be made after re-start of operation of the Company.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186.**

The Company has not given any loans, guarantees or made any investments under Section 186 of Companies Act, 2013 during the financial year 2019-20.

**INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY**

The Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

w.r.t. Auditors opinion on above it is clarified that Central Coalfields Ltd has stopped supply of linkage coal as per Fuel Supply Agreements (expired in April, 2013 & not renewed) to the Company w.e.f. 5th February 2013, Due to non-supply of Coal by CCL, the operation of the company has been shutdown and operation suspended w.e.f. 9th August 2013.

Since there was restriction in entry to factory premises because of labour unrest, due to which physical verification of inventories of Raw-Materials and Stores & Spare Parts and Fixed Assets could not be done.

**RISK MANAGEMENT POLICY**

As per Section 134(3) (n) of the Companies Act, 2013, The Company has adopted a Risk Management Policy which is reviewed on a periodic basis in order to recognize and reduce exposure the risks wherever possible. The Company's Risk management policies are based on the philosophy on achieving the substantial growth and managing risks involved.

**NOMINATION AND REMUNERATION POLICY**

In accordance with the requirements under Section 178 of the Companies Act, 2013 and Listing Regulations, The Committee formulated a Nomination and Remuneration policy to govern the nomination/appointment and remuneration of Directors, Key Managerial Personnel's other employees, senior Management of the Company. Details of Composition of Committee are given in the Corporate Governance Report.

The aforesaid policy can be accessed on the Company's website [www.bsilorg.in](http://www.bsilorg.in).

**VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

In compliance of Section 177 (9) & (10) of the Companies Act, 2013 and in terms of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has set up a whistle blower policy which can be viewed on the Company's website [www.bsil.org.in](http://www.bsil.org.in). In terms of the said policy, the Directors and employees are given direct access to the Chairman of the Audit Committee

to report on alleged wrong doings. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES.**

All the Related party Transactions entered by the Company during the year with were in the ordinary course of business and at Arm's Length Price. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors.

During the year, your Company had entered into materially significant transactions i.e. transactions exceeding ten percent of the annual consolidated turnover with Related Parties are within the limits approved by the Shareholders in 35<sup>th</sup> Annual General Meeting of the Company. Suitable disclosures as required under IND AS - 24 have been made in the Notes to the financial statements.

The details of these transactions, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure-B** and forms part of this report.

The Board of Directors of the Company, at its meeting held on 13<sup>th</sup> February, 2019, re-framed a policy on materiality to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Act, and regulation 23 of the Listing Regulations, as amended,

The policy as approved by the Board is uploaded and can be viewed on the Company website [www.bsil.org.in](http://www.bsil.org.in).

#### **EXTRACT OF THE ANNUAL RETURN**

The details of the extract of the Annual Return in Form MGT-9 as per the provisions of Section 92 of Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith and marked as "**Annexure-F**" to this Report and also available on the website of the Company at [www.bsil.org.in](http://www.bsil.org.in).

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Disclosure with respect to remuneration of Directors and employees as required under section 197 (12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board report for the year ended 31<sup>st</sup> March, 2020 are given in **Annexure-C** to this Report.

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

The Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with rule (8)(3) of the Companies Account Rules, 2014 is enclosed in **Annexure-D** and forms part of this report.

#### **CORPORATE GOVERNANCE:**

A report on Corporate Governance along with a Auditors' Certificate confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual report.

#### **MANAGEMENT DISCUSSION ANALYSIS REPORT**

In terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report is annexed as **Annexure-E** and form part of this report.

#### **LISTING OF SECURITIES**

The equity shares of your Company continue to be listed on BSE Ltd. and listing fee for the Financial Year 2020-21 has been paid.

#### **COMPLIANCE WITH SECRETARIAL STANDARD**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India as approved by Central Government as required under Section 118(10) of the companies Act, 2013.

#### **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  
For Bihar Sponge Iron Limited**

**Sd/-**

**U.K. Modi**

**Chairman**

**DIN:00002757**

**ANNEXURE-A**

**Place : New Delhi**

**Date : 28.07.2020**

### **SECRETARIAL AUDIT REPORT**

For The Financial Year Ended On 31st March, 2020

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies (Appointment and Remuneration Personnel) Rules, 2014)

**To,  
The Members  
Bihar Sponge Iron Ltd.  
Umesh Nagar, Chandil  
DisttSaraikela-Kharsawan Jharkhand**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BIHAR SPONGE IRON LTD (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2020 according to the provisions of undernoted Acts, Regulations and Guidelines applicable on the Company

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) OTHER APPLICABLE ACTS,

- (a) The Factories Act, 1948
- (b) The Payment of Wages Act, 1936, and rules made thereunder,
- (c) The Minimum Wages Act, 1948, and rules made thereunder,
- (d) The Payment of Gratuity Act, 1972
- (e) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
- (f) The Payment of Bonus Act, 1965, and rules made thereunder,
- (g) The Industrial Dispute Act, 1947
- (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
- (i) The Insolvency and Bankruptcy Code, 2016
- (j) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below:

1. The plant has been in closed position since 09.08.2013 and there was restriction in entry to factory premises because of labour unrest, due to which certain registers / records including fixed assets/stock records and register and its verification, Labour records and Factories Act, 1948 compliances could not be produced for verification. Hence information / documents in relation to them were not verified. There is no record of physical verification of the Fixed Assets/Stocks on record. Licenses required for operation and management of the factory including factory licence and no objection certificate from pollution control board has not been renewed in view of the factory being under shut down. The Management has represented that the same will be obtained as and when the operation of the plant starts.
2. The Company is not regular in depositing the undisputed statutory dues with the appropriate authorities including Provident fund, income-tax (tax deducted at source and tax collected at source), GST, cess & any other applicable statutory dues during the year.  
There are arrears on account of unpaid statutory dues for a period of more than 6 months from the date on which they became payable including the Service Tax: Rs. 78.67 Lakhs, Income Tax (TCS) Rs. 3.81 Lakhs, Electricity duty: 26.01 Lakhs (excluding un-provided Rs. 22.81 Lakhs) and Cess Rs. 1000/- as at the end of the financial year 31st March 2020. Further settlement dues of co-employees amounting to Rs. 15.76 Lakhs remained unpaid. As informed by the management it was due to shut down status of Factory/Plant since 09.08.2013.
3. The Shareholding of promoters and the Promoter's Group are dematerialized only to the extent of 48.24% shares as on 31.03.2020. Management informed us that the Company has intimated the promoters to get the shares dematerialized, the same is in process.
4. As per examination of records and information available to us, the Company has not maintained the structured digital database as on the date of the signing of this report. However, the Company has maintained all requisite documents and registers manually. It is in the process of digitalization its database.
5. During the course of verification it was observed that the BSE Limited had imposed a penalty of Rs. 5900/- (Rupees Five Thousand Nine Hundred Only) on the Company for delay in filing of its Financial Results for the quarter and nine months ended 31st December 2019, as per Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The meeting of the Board of Director was scheduled on 14th February, 2020 to consider and approve the unaudited Financial Results for the quarter and nine months ended 31st December 2019 under intimation to BSE Ltd and was published in the newspaper. However, due to want of quorum for the Board Meeting within in the prescribed time the Board Meeting stood adjourned to 17th February, 2020. The Company has since paid the fine to BSE Ltd.
6. In accordance with the Note 12 (a) of Audited Financial Statement for the year ended on 31.03.2020, No provisions has been made for disputed liability on account of fluctuation in foreign exchange rate on Foreign Currency loans obtained by it. The company has not provided this liability in the Audited Financial Statements.
7. The Company had taken secured soft loan under Jharkhand Industries Rehabilitation Scheme, 2003 from the State Government of Jharkhand. The details of which are provided in Note 12 (d) of the Audited Financials Statements for the year ending 31.03.2020. We have been informed that charge on above loan have been registered manually by the company. However the same are not appearing in the index of charge on MCA. As informed by the management the company is in the process of getting the same updated on the MCA site.
8. The Company has not confirmed in its Board Report that it has constituted any separate 'Internal Complaints Committee' under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]. However, they have taken note and confirmed that no complaint of sexual harassment of women at workplace was received during the year under review.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For R. Singhal & Associates  
Company Secretaries**

**(Rahul Singhal)  
Prop.**

**PLACE: NEW DELHI  
DATED: 13.08.2020  
UDIN : A029599B000575826**

**M. No. 29599**

Note: This report is to be read with the note given below which forms an integral part of this report.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the audited financial statements for the year ended on 31.03.2020 for the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. That the details of disputed liabilities and demands raised by various authorities including Excise & Customs, Jharkhand VAT, Central Sales Tax, Asstt Commissioner for Electricity and Water Charges, Railway Authorities, SECL, Income Tax Authorities, Bank Guarantees, disputed liability on account of Currency Fluctuation that have not been acknowledged as debts by the company have been detailed in Note III being 'Other Notes Required By Part I & Part II of Schedule III' under the sub head 1. Contingent Liabilities. We have relied on the statement issued by the company and as incorporated in the audited Financial Statements for the year ending 31.03.2020.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For R. Singhal & Associates  
Company Secretaries

(Rahul Singhal)  
Prop.  
M. No. 29599

PLACE: NEW DELHI  
DATE: 13.08.2020

## ANNEXURE - B

### FORM NO. AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]  
Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

S.No.	Name of Related Party	Nature of Relationship	Nature and Duration of the contracts/arrangements/ transactions	Salient terms of the contracts/arrangements/ transactions including the value, if any	Justification for entering into such contracts/arrangements/ transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the OR was passed in GM
Not Applicable								

#### 2. Details of contracts or arrangements or transactions at Arm's length basis

S.No.	Name of Related Party	Nature of Relationship	Nature and Duration of the contracts/arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions in including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1.	Modi Hitech India Ltd.	Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi, Mr. B. D. Garg and Mr. R.K. Agarwal are common directors.	01-04-2019 to 31-03-2020	Rent received at arm's length basis of Rs. 21.33 Lacs.	29.05.2017	Nil
2.	G S Pharmbutor Pvt. Ltd.	G S Pharmbutors Pvt. Ltd. holds more than 20 % shares in Moderate Leasing and Capital Services Limited which is a promoter group company and holds 49.10 % shares of the Company. Mr. R.K. Agarwal is a common director.	01-04-2019 to 31-03-2020	Facility user charges, Rent and other expenses recovered of Rs. 354.08 Lacs. other expenses 0.30 lacs and loan repayment of Rs. 100.00 Lacs.	29.05.2017	Nil
3.	Modi Motors Pvt. Ltd.	Mrs. Kumkum Modi is common director and Mr. U.K. Modi, Mr. Abhishek Modi and Mr. Jayesh Modi as relative of directors.	01-04-2019 to 31-03-2020	Printing of Annual Reprot at an arm's length bais of Rs. 6.47 Lacs.	29.05.2017	Nil
4.	Modiline Travel Service Pvt. Ltd.	Mrs. Kumkum Modi and Mr. Abhishek Modi are common directors and Mr. U.K. Modi, Mr. Jayesh Modi as relative of directors.	01-04-2019 to 31-03-2020	Support services at arm's length basis of Rs. 1.09 lacs.	29.05.2017	Nil
4.	Jayesh Tradex Pvt. Ltd.	Mrs. Kumkum Modi and Mr. Jayesh Modi are common directors and Mr. U.K. Modi, Mr. Abhishek Modi as relative of directors.	01-04-2019 to 31-03-2020	Stationery of Rs.0.02 Lacs.	29.05.2017	Nil
5.	Dayawati Modi Public School (Runs under the aegis of Daya Charitable Trust)	Mr. U.K. Modi, Director is also a Trustee in Daya Charitable Trust	01-04-2019 to 31.03.2020	Misc. expenses paid Rs. 4.19 lacs.	29.05.2017	Nil

For & on behalf of the Board

Place : New Delhi  
Date : 28.07.2020

Sd/-  
U.K. Modi  
(Chairman)  
DIN: 00002757

**ANNEXURE-C****Particulars under Section 197(12) of the Companies Act, 2013 and the Rules made thereunder.**

(a) The Ratio of the Remuneration of each Director to the Median Remuneration of the Employees of the Company for the financial year 2019-20.:

All the non-executive Directors of the Company were not paid any remuneration and were paid only sitting fee for attending the meetings of the Board/Committee of Directors. Therefore, the said ratio of remuneration of each director to median remuneration of the employees of the company is not applicable.

(b) The percentage increase in Remuneration of each Director, Whole Time Director, Chief Financial Officer and Company Secretary in the financial year:

All the non-executive Directors of the Company were not paid any remuneration and were paid only sitting fee for attending the meetings of the Board/Committee of Directors. Therefore, the percentage increase in remuneration of each Director is not applicable.

Key Managerial Personnel's	Designation	Remuneration Of KMP In Financial Period 2019-20 (Rs.)	% increase in remuneration
Mr. Satish Kumar Gupta	Whole Time Director-Works	8,75,723	-
Mr. A.K. Sinha	Chief Financial Officer	5,48,009	
Mr. Nitish Nautiyal	Company Secretary	25,000	-
Ms. Himani Mittal	Company Secretary	3,80,523	

# Mr. Satish Kumar Gupta voluntarily waived off his remuneration from 1st April 2019 to 31st March, 2020.

\*Resigned w.e.f. 30.04.2019

\*\* Appointed w.e.f. 01.06.2019.

(c) The percentage increase in the Median Remuneration of Employees : (d) The number of Permanent Employees on the Rolls of the Company.\*\*

(d) The number of Permanent Employees on the Rolls of Company as on 31st March, 2020 . \*

(e) Average percentage increase already made in the salaries of employees other than managerial personnel in the last financial period and its comparison with percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration.\*\*

\*\*The information could not be provided as the plant is under shut and the operation has been suspended since 8th August, 2013, thereby the salary waged and allowances of the employees is unascertained.

(f) The Company affirms that the Remuneration paid during the period were as per the Remuneration Policy of the Company.

In terms of provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employee was in receipt of remuneration in excess of the limits set out in the said rules from the Company.

**For & on behalf of the Board**

**Sd/-**

**U.K. Modi**

**Chairman**

**DIN:00002757**

**Place : New Delhi**

**Date : 28.07.2020**

**ANNEXURE-D****TO THE DIRECTORS' REPORT STATEMENT PURSUANT TO SECTION 134 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.****CONSERVATION OF ENERGY :**

	Current Year (2019-20)	Previous Year (2018-19)
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. ELECTRICITY		
A) PURCHASED		
Unit	Nil	Nil
Amount(Rs.)	Nil	Nil
Rate/Unit (Rs.)	Nil	Nil
B) OWN GENERATION		
1. Through Diesel Generator		
Unit	Nil	Nil
Unit per liter of HSD	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
2. Through steam turbine		
Unit	Nil	Nil
Unit per M.T of fuel	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
3. COAL		
Quantity (M.T)	Nil	Nil
Cost (Rs.)	Nil	Nil
Average Rate (Rs./M.T)	Nil	Nil
<b>B. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)</b>		
1. Electricity (Unit)	Nil	Nil
2. Furnace Oil	Nil	Nil
3. Coal (M.T)	Nil	Nil
4. Others – HSD (Liter)	Nil	Nil

**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, reason Thereof, and future plans of action	N.A

**FOREIGN EXCHANGE EARNINGS & OUTGO: (Rs. Lacs)**

	2019-2020	2018-2019
1 EARNING	—	—
2. EXPENDITURE	—	—
Import on CIF Basis Stores & Spares	—	—

**For & on behalf of the Board**

**U.K. Modi**

**Chairman**

**DIN:00002757**

**Place : New Delhi**

**Date : 28.07.2020**

## 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 successful operation of its captive 5.0 MW power plant, the power cost of the Company is expected to be 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's margin. Therefore, the Company has been exploring various avenues for procuring good quality iron ore and sufficient coal.

### 3. SEGMENT WISE/ PRODUCT WISE PERFORMANCE

The Company is engaged only 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 spurt 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 30<sup>th</sup> September, 2011 and the net worth 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 LPA has been filed with High Court of Jharkhand, Ranchi. In addition the entire rehabilitation loan along with the interest is due for payment to Government of Jharkhand, for which the Company will make representation for waiver of interest on re-start of Company's operations.

Currently the steel market is reviving and the same is not yet stable. In view of the current market development, the Company has entered into a facility user agreement on 1<sup>st</sup> April, 2017 with a Company specialized in contract manufacturing, wherein part of the plant and machinery shall be operated by the said Company. The Company is considering to re-start the operations of the Company and evaluating all the options available under present circumstances. The Management of the Company expects that the recession phase of the steel market will be over soon.

### 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. 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 programme is developed by the Internal Auditors and approved by the Audit Committee of the Board. The Concurrent Auditors' Report is placed before the Audit Committee which met at least 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

The Plant has been under shut from 9<sup>th</sup> August, 2013 as a result of non-supply of coal by Central Coalfields Limited. The loss has been due to non- production as a result of non-availability coal.

### 8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company, at the year ended 31<sup>st</sup> March, 2020 had approximately 238 employees.

### 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 the Government regulations statutes, tax laws and other incidental factors.

For & on behalf of the Board

Place : New Delhi  
Date : 28.07.2020

U.K. Modi  
Chairman  
DIN:00002757

## ANNEXURE - F

## Form No. MGT - 9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i	CIN	L27106JH1982PLC001633
ii	Registration Date	16.04.1982
iii	Name of the Company	BIHAR SPONGE IRON LIMITED
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office & contact details	UMESH NAGAR, CHANDIL, DISTT. SARAIKELA- KHARSAWAN, JHARKHAND-832401 Email: companysecretary@bsil.org.in / Web: www.bsil.org.in
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Beetal Financial & Computer Services Pvt. Ltd Beetal House, 3rd Floor, Behind Local Shopping Complex, 99, Madangir, New Delhi-11006

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% of total turnover of the company
1	SPONGE IRON	27120	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiaries/ Associate	% of shares held	Applicable Section
			NIL		

## IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

## i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the years				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

Category of Shareholders	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual / HUF	7750	18100	25850	0.03	24750	1100	25850	0.03	-
b) Central Govt. & State Govt. (s)	6759960	-	6759960	7.49	6759960	-	6759960	7.49	-
c) Bodies Corp.	19527305	32500300	52027605	57.68	19527305	32500300	52027605	57.68	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (1):-</b>	<b>26295015</b>	<b>32518400</b>	<b>58813415</b>	<b>65.20</b>	<b>26312015</b>	<b>32501400</b>	<b>58813415</b>	<b>65.20</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	3975534	-	3975534	4.41	3975534	-	3975534	4.41	0.00
b) Other- Individuals	-	-	-	-	-	-	-	-	-

c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2):-</b>	<b>3975534</b>	<b>-</b>	<b>3975534</b>	<b>4.41</b>	<b>3975534</b>	<b>-</b>	<b>3975534</b>	<b>4.41</b>	<b>0.00</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)</b>	<b>30270549</b>	<b>32518400</b>	<b>62788949</b>	<b>69.61</b>	<b>30287549</b>	<b>32501400</b>	<b>62788949</b>	<b>69.61</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	38070	24280	62350	0.07	38070	24280	62350	0.07	-
b) Banks/FI	1100	2220	3320	0.00	13596	2220	15816	0.00	-
C) Central Govt.	-	2200	2200	0.00	-	2200	2200	0.00	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	112500	-	112500	0.12	112500	-	112500	0.12	-
g) FIIs	479899	-	479899	0.53	479899	-	479899	0.53	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):-</b>	<b>631569</b>	<b>28700</b>	<b>660269</b>	<b>0.73</b>	<b>644065</b>	<b>28700</b>	<b>672765</b>	<b>0.73</b>	<b>-</b>
<b>(2) Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	2228069	133950	2362019	2.61	2202037	133950	2335987	2.59	(0.02)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	9794737	6488132	16282869	18.05	9683035	6456866	16139901	17.89	(0.16)
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	6685549	-	6685549	7.41	6854577	-	6854577	7.59	0.18
c) Others (specify)					-				
(i) Trust	1120	-	1120	0.0	1120	-	1120	0	0.00
(ii) NRI	445087	345765	790852	0.88	435986	331715	767701	1.43	0.55
(iii) HUF	633417	-	633417	0.70	639426	-	639426	0.70	0
(iv) Clearing Members	8092	-	8092	0.00	4977	-	4977	0.00	0
<b>SUB TOTAL (B)(2):-</b>	<b>19676522</b>	<b>7077352</b>	<b>26753874</b>	<b>29.66</b>	<b>19821158</b>	<b>6922531</b>	<b>26,743,689</b>	<b>29.70</b>	<b>0.00</b>
<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	<b>20431657</b>	<b>6984797</b>	<b>27416454</b>	<b>30.43</b>	<b>20465223</b>	<b>6951231</b>	<b>27416454</b>	<b>30.43</b>	<b>0.00</b>
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL (A+B+C)</b>	<b>50702206</b>	<b>39503197</b>	<b>90205403</b>	<b>100.00</b>	<b>20465223</b>	<b>6951231</b>	<b>90205403</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

S.N. Shareholder's Name		Shareholding at the beginning of the year			Shareholding at the end of the year			
S.No.	Shareholder's Name	No. of shares	% of total Shares of the Co.	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the co.	% of shares Pledged/ encumbered to total shares	% change in shareholding during the year
1	Abhishek Kumar Modi	1100	0.00	0	1100	0.00	0	NIL
2	Himani Modi	1100	0.00	0	1100	0.00	0	NIL
3	Seth Umesh Kumar Modi (HUF)	2750	0.00	0	2750	0.00	0	NIL
4	Kumkum Modi	5500	0.01	0	5500	0.01	0	NIL
5	Meghna Modi	15400	0.02	0	15400	0.02	0	NIL
6	Umesh Kumar Modi	3975534	4.41	0	3975534	4.41	0	NIL
7	Bihar State Industrial Development Corp. Ltd.	6759960	7.49	0	6759960	7.49	0	NIL
8	Abhikum Leasing and Investment Pvt Ltd.	500	0.00	0	500	0.00	0	NIL
9	A to Z Holding Pvt. Ltd.	1700500	1.89	0	1700500	1.89	0	NIL
10	Modi Industries Limited	1999960	2.22	0	1999960	2.22	0	NIL
11	Longwell Investment Pvt. Ltd.	4033012	4.47	0	4033012	4.47	0	NIL
12	Moderate Leasing and Capital Services Ltd.	44293633	49.10	36.03	44293633	49.10	36.03	NIL
	<b>Total</b>	<b>62788949</b>	<b>69.61</b>	<b>36.03</b>	<b>62788949</b>	<b>69.61</b>	<b>36.03</b>	<b>NIL</b>

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of Total Shares of the company
1	Shareholding at the beginning				
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	NO CHANGE			
3	Shareholdings at the end				

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

		Shareholding at the end of the year		Cumulative Shareholding during the year	
S. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Bishwanath Prasad Agarwal	878230	0.97	-	-
2.	Modi Rubber Limited	680001	0.75	-	-
3.	Hansa Dinesh Radia	673419	0.74	-	-
4.	DB International Asia Limited	479899	0.53		
5.	Khubchand T Jivnani	474999	0.53		
	10-05-2019 (Sell)	18242		4756757	0.50
	17-05-2019 (Sell)	9941		446816	0.49
	28-06-2019 (Sell)	825		445991	0.49
	05-07-2019 (Sell)	6240		439751	0.48
	12-07-2019 (Sell)	1317		438434	0.48
	02-08-2019 (Sell)	610		437824	0.48
6.	Rekha Mody	413199	0.46	-	-
7.	Mahendra Girdharilal.	238157	0.26	-	-
8.	Indian Sulphacid Industries Limited	234693	0.26	-	-

9.	Reshmi Trexim Private Limited	222599	0.25	-	-
10.	Gautam Radia	199851	0.22	-	-

## v. Shareholding of Directors and Key Managerial Personnel:

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>Umesh K. Modi, Director &amp; Chairman</b>				
	At the beginning of the year	3975534	4.41	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	3975534	4.41	-	-
<b>2</b>	<b>KumKum Modi, Director</b>				
	At the beginning of the year	5500	0.01	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	5500	0.01	-	-
<b>3</b>	<b>Abhishek Modi, Director</b>				
	At the beginning of the year	1100	0.00	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	1100	0.00	-	-
<b>4</b>	<b>Satish Kumar Gupta , Director(Works)</b>				
	At the beginning of the year	390	0.00	-	-
	Date wise increase/decrease in the shareholding during the year	-	-	-	-
	At the end of the year	390	0.00	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	325000000	620459000	NIL	945459000
ii) Interest due but not paid	274619219	91630612	NIL	366249831
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>599619219</b>	<b>712089612</b>	<b>NIL</b>	<b>1311708831</b>
<b>Change in Indebtedness during the year</b>				
Additions	NIL	NIL	NIL	NIL
Reduction	NIL	13899000	NIL	13899000
<b>Net Change</b>	<b>NIL</b>	<b>13899000</b>	<b>NIL</b>	<b>13899000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	325000000	606560000	NIL	931560000
ii) Interest due but not paid	274619219	91630612	NIL	366249831
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>599619219</b>	<b>698190612</b>	<b>NIL</b>	<b>1297809831</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Mr. Satish K. Gupta, Director- Works (Whole-Time Director &amp; Key Managerial Personnel) :

Sl.No.	Particulars of Remuneration	Mr. Satish Kumar Gupta, Director (Works) Whole-Time Director & Key Managerial Personnel	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,98,000	7,98,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	77,273	77,273
	Total (A)	875,273	8,75,273
	Ceiling as per the Act	Rs. 60,00,000 (Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013)	

\* Mr. Satish Kumar Gupta has waived off his remuneration for the period 1st April, 2019 to 31st March, 2020.

B. Remuneration to other directors:									
2.	Independent Directors	B. D. GARG	J. C. CHAWLA	S.S. AGARWAL	SHYAM VYAS	R. K. AGARWAL	MADAN LAL	ROHIT GARG	ANIRUDH MODI
	·Fee for attending board committee meetings	8,000	26,000	3,000	4,000	16,000	18,000	1,000	1,000
3.	Other Non-Executive Directors*								
* No fee or commission was paid to Non-Executive Directors during the year * Company provides Rs. 1000 per meeting as a sitting fee to Independent Directors only according to their presence in the meeting.									

## C. Remuneration To Key Managerial Personnel

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	A. K. Sinha - CFO	Himani Mittal- Company Secretary*	Nitish Nautiyal ** Company Secretary	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	318000	282700	12500	613,200
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	274902	97823	12500	385,225
	TOTAL	592902	3,80,523	25,000	998,425

\* Ms. Himani Mittal appointed w.e.f - 01.06.2019.

\*\*Mr. Nitish Nautiyal resigned w.e.f. - 30.04.2019

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment compounding fees imposed	Authority (RD/NCLT Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of directors

Place : New Delhi

Date : 28.07.2020

Sd/-  
U.K.Modi  
Chairman  
DIN: 00002757

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

In 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

As on March 31, 2020 the Company has 13 Directors of which 12 are Non-Executive Directors. 7 of the 13 Board Members are Independent Directors. The Chairman of the Board is a Non-Executive Director. The Composition of the Board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015. As required under Section 149(1) of the Companies Act, 2013, Mrs. Kumkum Modi, is a Woman Director on the Board of Directors of the Company.

Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulations 16(1)(b) Listing Regulations, 2015.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held 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 (excluding directorships in Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships as on March 31, 2020 are given below. Chairman ship/membership in committees includes only Audit Committee and Stakeholder Relationship Committee of Indian Public Ltd Companies.

Name of the Directors	Executive/ Independent/ Non-Executive	No. of meetings During the year 2019-20		Attendance at previous AGM on 9 <sup>th</sup> September, 2019.	No. of outside directorships held Excluding BSIL	No. of membership/ chairmanship in other board Committee		List of Directorship held in other listed Companies and Category of Directorship
		Held	Attended			Chairmanship	Membership	
Mr. Umesh K. Modi	NED	5	4	Not Present	5	Nil	Nil	SBEC Sugar Limited (Non-Executive Director)
Mrs. Kumkum Modi	NED	5	1	Not Present	2	Nil	Nil	SBEC Sugar Limited (Non-Executive Director)
Mr. Abhishek Modi	NED	5	3	Not Present	4	Nil	Nil	SBEC Sugar Limited (Non-Executive Director)
Mr. Jayesh Modi	NED	5	1	Not Present	3	5Nil	Nil	SBEC Sugar Limited (Non-Executive Director)
Mr. S. K. Gupta(*)	ED & WTD	5	1	Present	Nil	Nil	Nil	-
Mr. B. D. Garg(**)	INED	5	4	Not Present	1	Nil	Nil	-
Dr. S. Babu Vyas(**)	INED	5	1	Not Present	2	Nil	3	SBEC Sugar Limited (Independent Director) SBEC Systems (India) Ltd- (Independent Director)
Mr. J. C. Chawla(**)	IINED	5	4	Present	3	1	7	SBEC Sugar Limited (Independent Director) SBEC Systems (India) Ltd- (Independent Director)
Mr. Madan Lal(**)	INED	5	2	Not Present	2	4	1	Shreyans Financial and Capital Services Limited- (Independent Director)
Mr. R. K. Agarwal	INED	5	5	Present	7	5	6	SBEC Sugar Limited (Independent Director) SBEC Systems (India) Ltd- (Independent Director)
Dr. Rohit Garg	INED	5	1	Not Present	2	Nil	Nil	SBEC Sugar Limited (Independent Director)
Mr. S.S. Agarwal	INED	5	3	Not Present	4	Nil	3	SBEC Systems (India) Ltd- (Executive Director)
Mr. Anirudh Kumar Modi#	NED	5	1	Not Present	0	Nil	Nil	-

Note:

(i) ED: Executive director (b) NED: Non- Executive Director (c) INED: independent non- Executive Director

(\*)Mr. Satish Kumar Gupta (DIN: 03537417) -Whole- time Director designated as Director- Works resigned w.e.f.31st March, 2020.

(\*\*) Mr. B.D. Garg , Mr. Shyam Babu Vyas, Mr. J.C. Chawla, Mr. Madan Lal re- appointed as an Independent Director for a second term of five consecutive years in the Annual General Meeting held on 09th September, 2019.

(# )Mr. Anirudh Kumar Modi appointed as an Additional Director on 10th September, 2019 to hold office till the conclusion of next Annual General Meeting.

.Mrs. Kumkum Modi is related to Mr. Umesh Kumar Modi as wife, Mr. Abhishek Modi and Mr. Jayesh Modi are related to Mrs. Kumkum Modi & Mr. Umesh K. Modi as sons and mother & father respectively.

#### INFORMATION REGARDING REAPPOINTMENT OF DIRECTORS

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 completed Bachelor of Business Administration (BBA) in United Kingdom and has over vast experience in the area of administration, business planning and development. He is also Director in certain other manufacturing, public listed companies.

#### Board Meetings

The Board meets atleast once in quarter to review the financial results and other items on the Agenda. The Agenda of Board Meeting is circulated to all the Directors well in advance and contains all information which is distributed to the Directors in advance.

Five Board Meetings were held during the year ended March 31, 2020. These were held on 25th May, 2019; 14th August, 2019; 13th November, 2019, 14th February, 2020 and 17th February, 2020.

#### Details of Shareholding of Non-Executive Directors

Shri. Umesh Kumar Modi holds 39,755,34 equity Shares, Smt. Kumkum Modi holds 5500 equity Shares, Shri. Abhishek Modi holds 1100 equity Shares of the Company as on 31<sup>st</sup> March, 2020.

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

The Company has adopted the Code of Conduct for the Directors and Senior Management Personnel 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 31<sup>st</sup> March, 2020. The Code is posted on the website of the Company i.e. [www.bsil.org.in](http://www.bsil.org.in)

#### Skills/ expertise/ competence requirements for Board of Directors

The Board of Directors has identified core skills/expertise/ competencies to be available at all times with the Board for functioning effectively and those which are actually available. Such skills/expertise/competencies include a combination of educational qualifications in different functional areas, knowledge and work experience in the fields of manufacturing Industry, banking, finance, sales and marketing, human resource, regulatory, administration and legal etc. The Board is satisfied with the set of skills/expertise/competencies available with it presently.

#### Information provided to the Board

The Board has unrestricted access to all Company-related information including that of our employees. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to the officers of the Company. The Board was presented with the information broadly on all suggested matters in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### BOARD COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted as per the requirement of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees request special invitees to join the meeting, as and when considered appropriate

#### AUDIT COMMITTEE

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

Composition of Audit Committee is in accordance with the requirements prescribed under Section 177 of the Companies Act, 2013 read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Members of the Audit Committee are Non-executive & Independent Directors and also financially literate. The Company Secretary of the Company acts as a Secretary to the Committee. A representative of the Statutory Auditors and a representative of Internal Auditors are permanent invitees to the Audit Committee meetings.

Five meetings of Audit Committee were held during the year on 25th May, 2019, 14th August, 2019, 13th November, 2019, 14th February, 2020 and 17th February, 2020.

Composition and attendance at meetings during the year are given below:

Name of Director	Designation	Category	No. of meetings attended
Mr. R. K. Agarwal	Chairman	Independent Director	5
Dr. S. B. Vyas	Member	Independent Director	1
Mr. J. C. Chawla	Member	Independent Director	4
Mr. Madan Lal	Member	Independent Director	4

#### NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been duly constituted pursuant to Section 178 (1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

The terms of reference of the Nomination & Remuneration Committee are:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees,
- formulation of criteria for evaluation of performance of Independent Directors and the Board,
- devising a policy on Board diversity,
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Chairman of the Nomination and Remuneration Committee attended the last Annual General Meeting.

During the period two meetings were held on 25th May, 2019, and 14th August, 2019.

**Composition and attendance of the Committee meeting during the year are given below:**

Name of Director	Designation	Category	No. of meetings attended
Mr. R. K. Agarwal	Chairman	Independent Director	2
Dr. S. B. Vyas	Member	Independent Director	1
Mr. J. C. Chawla	Member	Independent Director	2
Mr. Madan Lal	Member	Independent Director	2
Mr. B. D. Garg	Member	Independent Director	1

**The Company Secretary acts as a Secretary to the Committee.**

**Remuneration Policy**

The Company has adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees. The Remuneration Policy has laid down the criteria for determining qualifications, positive attributes, independence of Director and Board diversity. The Policy lays down the factors for determining remuneration of Whole-time Directors, Non-Executive Directors, Key Managerial Personnel and other employees. The policy also lays down the evaluation criteria of the Independent Directors and the Board. The Nomination and Remuneration Committee decides the remuneration for the Whole-time Directors. The remuneration policy is also placed on the website [www.bsil.org.in](http://www.bsil.org.in).

The Independent Directors who are 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 /Sitting fees paid to the Executive/Non-Executive Directors during the year ended 31<sup>st</sup> March, 2020 are as under:-

S. NO.	NAME	SALARY	PERQUISITES AND OTHER BENEFITS	SITTING FEES (Rs.)	TOTAL (Rs.)
Executive Directors:					
1	Mr. S. K. Gupta*	7,98,000	77,273	--	8,75,273
Non-Executive Directors:					
1	Mr. B. D. Garg	--	--	8,000	8,000
2	Mr. R. K. Agarwal	--	--	16,000	16,000
3	Dr. S. B. Vyas	--	--	4,000	4,000
4	Mr. J. C. Chawla	--	--	26,000	26,000
5	Mr. Madan Lal	--	--	18,000	18,000
6	Dr. Rohit Garg	--	--	1,000	1,000
7	Mr. S.S. Agarwal	--	--	3000	3000
8	Mr. Anirudh Kumar Modi	--	--	1000	1000

\*Mr. S. K. Gupta has waived off his remuneration for the period 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

**PERFORMANCE EVALUATION OF DIRECTORS**

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of all Directors. The performance evaluation has been done of the entire Board of Directors, except the Director concerned being evaluated. The criteria for performance evaluation are as follows:

**Role & Accountability**

- Understanding the nature and role of Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Active engagement with the management and attentiveness to progress of decisions taken.

**Objectivity**

- Own recommendations given professionally without tending to majority or popular views.

**Leadership & Initiative**

- Heading Board's Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

**Personal Attributes**

- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

**Meeting of Independent Directors**

During the year, meeting of Independent Directors was held on 17<sup>th</sup> February, 2020 to review the performance of the Board as a whole and Chairman on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

**Familiarisation Programme**

Your Company follows a structured orientation and familiarisation programme which aims to provide insights into the Company to enable the Independent Directors to

understand its business in depth and contribute significantly to the Company. The details of the same are available on the Company's website, i.e., [www.bsil.org.in](http://www.bsil.org.in).

#### STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee has been duly constituted pursuant to Section 178 (5) of the Companies Act, 2013 and relevant provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to look into various issues relating to shareholders including the complaints of shareholders, share transfers/ transmission/issue of duplicate shares etc.

During the year under review, the Committee met four times on 25th May, 2019, 14th August, 2019, 13th November, 2019 and 14th February, 2020.

Composition and attendance at meetings during the year are given below:

Name of Director	Designation	Category	No. of meetings attended
Mr. R. K. Agarwal	Chairman	Independent Director	4
Dr. S. B. Vyas	Member	Independent Director	1
Mr. J. C. Chawla	Member	Independent Director	4
Mr. Madan Lal	Member	Independent Director	4
Mr. B.D. Garg	Member	Independent Director	3

The Company Secretary acts as Secretary to the Committee.

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

	Direct to the Company or through RTA	Number of complaints received				Number of total complaints (Share Transfers/ Annual reports etc.)
		Stock Exchanges	SCORES	SEBI	Ministry of Company Affairs	
(2019-20)						
Received	Nil	Nil	Nil	Nil	Nil	Nil
Replied	Nil	Nil	Nil	Nil	Nil	Nil
Pending	Nil	Nil	Nil	Nil	Nil	Nil

#### COMPLIANCE OFFICER:

Ms. Himani Mittal, Company Secretary is the Compliance Officer of the Company.

#### ANNUAL GENERAL MEETING

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

Year	Date	Venue	Time	Special Resolution Passed (Yes/No)
2019	09.09.2019	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	02.00 P.M	Re- appointment of Mr. B.D. Garg as an Independent Director for a second term of five consecutive years. Re- appointment of Mr. Shyam Babu Vyas as an Independent Director for a second term of five consecutive years. Re- appointment of Mr.J.C. Chawla as an Independent Director for a second term of five consecutive years. Re- appointment of Mr. Madan Lal as an Independent Director for a second term of five consecutive years. Re- appointment of Mr. Satish Kumar Gupta as Whole – Time e Director (Director –Works) of the Company.
2018	20.09.2018	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	02:30 P. M.	Appointment of Mr. S.S. Agarwal as Independent Director of the Company. Approval for continuation of Directorship of Mr. Madan Lal as an Independent Director of the Company.
2017	19.09.2017	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	02:00 P. M.	Yes

#### 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.

#### MEANS OF COMMUNICATIONS

##### Quarterly Results:

In compliance to the provisions the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company regularly intimate the un-audited/audited financial

results to the stock exchange, immediately after the same is taken on record by the Board and are published in widely circulated English daily "The Financial Express" and Hindi daily "Naya India" as is required under the said regulations. The same are also displayed on the website of the Company.

#### Website

As per the requirements of Regulation 46 of the Listing Regulations, all the data related to quarterly financial results, shareholding pattern etc. is filled with stock exchanges and also disseminated on the Company's website: ([www.bsil.org.in](http://www.bsil.org.in)) within the time prescribed in this regard. The Company's website also displays the official news releases.

#### Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and other entitled thereto. The Management Discussion and Analysis (MDAR) Report forms part of the Annual Report

#### GENERAL SHAREHOLDER INFORMATIONs

##### a. AGM: Date, Time and Venue:

38<sup>th</sup> Annual General Meeting is scheduled to be held on Wednesday, 23rd day of September, 2020 at 12:00 Noon through Video Conference /OAVM .

##### b. Financial Calendar

Particulars	Date
For First Quarter UFR ended 30.06.2020:	By 14 <sup>th</sup> August, 2020
For Second Quarter UFR ended 30.09.20:	By 14 <sup>th</sup> November, 2020
For Third Quarter UFR ended 31.12.2020:	By 14 <sup>th</sup> February, 2021
For Audited Financial results for the year ended 31.03.2021:	By 30 <sup>th</sup> May, 2021

##### c. Book Closure

Thursday the 17th September, 2020 to Wednesday the 23rd September, 2020 (both days inclusive).

##### d. 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 31<sup>st</sup> March, 2020.

##### e. Listing of Stock Exchanges:

The Company's Equity Shares are listed on (BSE), the address of which is given below:

Stock Exchange	Stock Code
BSE Limited, Phiroze Jeejeebhoy Towers, 25 <sup>th</sup> Floor, Dalal Street, Mumbai-400001	500058

On 21<sup>st</sup> March, 1998, the Company after complying with the conditions of Circular No. 6/9/SE/78 dated 28<sup>th</sup> 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 25<sup>th</sup> September, 2007 applied for voluntary de-listing of Shares from Magadh Stock Exchange, the matter is pending with the Exchange.

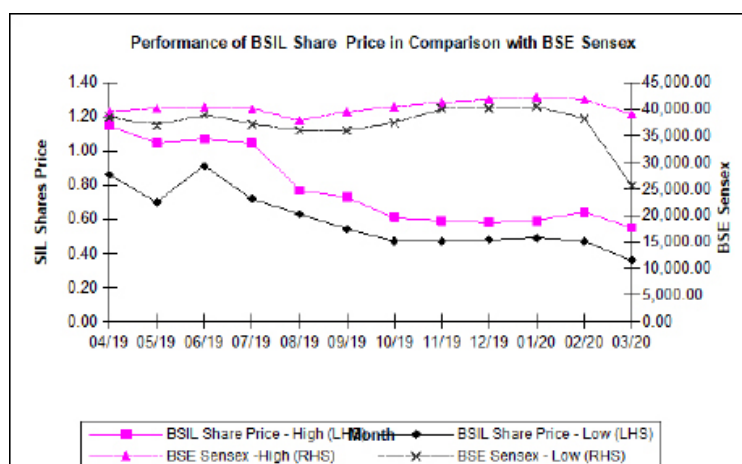
The Company has paid listing fee for the financial year 2020-2021 to BSE Limited.

##### f. Market Price Data

High/Low of market price of the Company's shares traded on BSE during the financial year 2019-2020 is furnished below:

Month	High Price	Low Price	No. of Shares
Apr 19	1.15	0.86	1,45,493
May 19	1.05	0.70	1,12,330
Jun 19	1.07	0.91	88,952
Jul 19	1.05	0.72	27,996
Aug 19	0.77	0.63	19,767
Sep 19	0.73	0.54	98,590
Oct 19	0.61	0.47	61,368
Nov 19	0.59	0.47	65,598
Dec 19	0.58	0.48	83,577
Jan 20	0.59	0.49	62,556
Feb 20	0.64	0.47	1,12,409
Mar 20	0.55	0.36	2,33,521

#### Performance in comparison to broad based indices:



**g) Registrar and Transfer Agents**

M/s. Beetal Financial & Computer Services Pvt. Ltd. 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. Ltd. whose address 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**

**h) Share Transfer System**

The Company, in compliance of SEBI circular no. 15/2002 dated 27<sup>th</sup> December, 2002, has appointed M/s. Beetal Financial & Computer Services Pvt. Limited, (Category-I SEBI registered Registrar & Share Transfer Agent) 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 15 days, 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.

**i) Distribution of Shareholding as on 31<sup>st</sup> March, 2020:**

No. of Shares	No. of Shareholders	No. of Shares	% age to total shares
Up to 5000	50,197	7480209	8.29
5001 to 10000	2,775	2238798	2.48
10001 to 20000	1,153	1770504	1.96
20001 to 30000	338	863179	0.96
30001 to 40000	155	565581	0.63
40001 to 50000	192	927510	1.02
50001 to 100000	261	1969980	2.18
100001 and above	259	74389642	82.47
Total	55,330	90205403	100.00

**j) Shareholding pattern as on 31<sup>st</sup> March, 2020:**

Particulars	No. of Shares Held	%age of Shares Held
1. Promoters	6,27,88,949	69.61
2. Mutual Funds & UTI	62,350	00.07
3. Banks, Financial Institution & Insurance Companies & Central Government/State Government	1,30,516	00.14
4. Foreign Financial Investors	4,79,899	00.53
5. Private Corporate Bodies	23,35,987	02.59
6. Indian Public	2,29,94,478	25.49
7. NRI	7,67,701	00.86
8. Any Other (Clearing Members, Foreign Bodies, Trusts & Individual HUF)	6,45,523	00.72
Total	9,02,05,403	100.00

**k) Dematerialization of shares**

The equity shares of the Company are available for dematerialization. The International Securities Identification Number (ISIN) of the Company is INE819C01011. The equity shares are now tradable only in dematerialized mode.

**l) Share held in physical and dematerialized form**

As on 31<sup>st</sup> March, 2020, 56.206% of Equity Shares were held in dematerialized form and the rest were in physical form.

**m) 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.

**n) Plant location of the Company:**

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

**o) Address for correspondence:**

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

Umesh Nagar, Chandil, District Saraikela Kharsawan-832401 (Jharkhand), Website: [www.bsil.org.in](http://www.bsil.org.in), Email: [companysecretary@bsil.org.in](mailto:companysecretary@bsil.org.in)

**p) Nomination Facility:**

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit to the Company in prescribed Form SH-13 for this purpose.

**OTHER DISCLOSURE****a) Materially Significant Related Party Transactions & Policy for Related party Transactions**

The particulars of contract and arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed separately in Form No. AOC -2 as **Annexure – B** and forms part of this report. The related party transactions during the year are also mentioned in Note no III under "Notes Related to Accounting Standards" under Annexure -1 of Accounting Policies & General Notes.

The Company has formulated a policy on Related Party Transactions in terms of Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy has been uploaded in the Company's website viz. [www.bsil.org.in](http://www.bsil.org.in). The transactions with the related parties are being placed before the audit committee and the board on a quarterly basis for it to review the same in terms of Regulation 23 (3) (d) of the said Regulations.

**b) Details of Non-compliance**

The Company has complied with the requirements of Stock Exchange, Securities and Exchange Board of India or other authorities on any matter related to Capital Market during the last three years. Except, as disclosed from time to time, below are the non-compliances w.r.t. Listing Regulations for the year 2019-20.

The BSE Ltd. had imposed a penalty of Rs. 5900/- (Five Thousand Nine Hundred only) for Late Submission of Financial Results under regulation 33 of SEBI (LODR) Regulations, 2015 for the quarter ended 31st December, 2019.

The Company has paid the said penalty within the time period prescribed in the BSE Letter.

**c) Vigil Mechanism**

In compliance of Section 177 (9) & (10) of the Companies Act, 2013 and in terms of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has set up a whistle blower policy which can be viewed on the Company's website [www.bsil.org.in](http://www.bsil.org.in). In terms of the said policy the Directors and employees are given direct access to the Chairman of the Audit Committee to report on alleged wrong doings. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

**d) Compliance with the Mandatory and Non-Mandatory Requirements**

The Company has complied with all the Mandatory requirements stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also adopted the non-mandatory requirements to the extent and in the manner as stated hereinabove.

**e) The Company does not have any subsidiary company during the financial year ended 31<sup>st</sup> March, 2020.****f) Details of utilization of funds through preferential allotment:**

During the Financial Year ended 31st March, 2020, the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

**g) A Certificate has been received from M/s. Rahul Singh & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority, Recommendation of any Committee.****h) There was no instance during the financial year 2019-20, where the Board of Directors had not accepted the recommendation of any Committee of the Board which it was mandatorily required to accept.****i) Total fees of Rs. 3,20,000 for financial year 2019-20, for all services, was paid by the Company, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part.****j) There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors for the period under report.****k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

During the year April 1, 2019 to March 31, 2020 the Company has not received any complaint under the sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

**l) CEO/ CFO CERTIFICATION**

Mr. Raj Kumar Sharma – Senior General manager and Mr. A.K. Sinha, Chief financial Officer of the Company have furnished a certificate relating to financial Statement and Internal Control Systems as per the formats prescribed under SEBI (LODR) Regulations, 2015 and the Board took the same on record.

For & on behalf of the Board

Place : New Delhi  
Date : 28.07.2020

U.K. Modi  
Chairman  
DIN:00002757

**Declaration regarding Code of Conduct pursuant Clause D of Schedule V of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

To the Members,

I, Mr. Raj Kumar Sharma – Senior General manager of the Bihar Sponge Iron Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Director and Senior Management for the year ended 31<sup>st</sup> March, 2020.

Place: New Delhi  
Dated: 28<sup>th</sup> July, 2020

**Raj Kumar Sharma**  
Senior General manager

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**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of Bihar Sponge Iron Limited

We, K.K. Jain & Co., Chartered Accountants, , have examined the compliance of conditions of Corporate Governance by Bihar Sponge Iron Limited ("the Company") , for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and 34(3) read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

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 expression of an opinion on financial statements of the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI

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

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

For K. K. Jain & Co.

Chartered Accountants  
[FRNo. 02465N]

Simmi Jain  
(Partner)

Membership No.: 086496

Place: New Delhi  
Date : 28.07.2020

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Bihar Sponge Iron Limited**  
**Report on the Audit of the Financial Statements**  
**Qualified Opinion**

We have audited the accompanying financial statements of Bihar Sponge Iron Limited ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and except for the effect of the matter described in the Basis for Qualified Opinion section of our report, give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

**As explained in the Notes to the financial statement, the company has not provided under noted liabilities:**

- I. Non recognition of liability on account of currency fluctuations on foreign currency loan and interest thereon (as required under Indian Accounting Standard – 21) amounting to Rs. 3,42,052 thousands as provided in the BIFR Scheme dt. 29.07.2004 and also confirmed by AAIFR/ Single Bench of Jharkhand High Court, Ranchi. The company has filed Letters Patent Appellate Jurisdiction (LPA) before the Divisional Bench of High Court of Jharkhand, Ranchi (refer other note no. 3(ii) appearing in Annexure I).
- II. Non recognition of penalty of Rs. 21,528 thousands recovered by South Eastern Coal Fields Ltd. on account of short lifting of coal in terms of Fuel Supply Agreement since the matter has been disputed by the Company under writ petition filed before the Hon'ble High Court of Chhattisgarh (refer other note no 5 of Annexure I (iii)).
- III. No provision has been made in the books of accounts in respect of the undernoted items of expense in view of suspension of operations of plant since 10<sup>th</sup> August, 2013 as well as other reasons contented by the company:-
  - a. Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2020 (amount unascertained) {refer note 7(i)(a) of Annexure I}.
  - b. Interest on Soft Loan taken from the Government of Jharkhand under the Jharkhand Industrial Rehabilitation Scheme 2003 amounting to Rs. 4,03,092 thousands from 10.08.2013 to 31.03.2020 which is subject to representation from the company for waiver thereof by the lender {refer note 7(i)(b) of Annexure I}.

Taking into consideration non provision of likely liabilities mentioned paragraph i, ii and iii (b) above

  - a. Loss for the year would have been higher by Rs. 7,66,672 thousands as compared to the disclosed loss of Rs. 8,460 thousands.
  - b. Accumulated losses would have been Rs.31,93,935 thousands as compared to disclosed losses of Rs. 24,27,263 thousands.
  - c. The above losses is however subject to ascertainment of liabilities as mentioned in Para iii.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Material Uncertainty Related to Going Concern**

We draw attention to Note No. 3 (X) of part III of Annexure I of the financial statements the management has explained its reasons for preparing financial statements on 'going concern basis'. The explanation is as under:-

With the revival of the steel industry, considering the substantial accumulated losses, full erosion of working capital and the liabilities including long term borrowings having matured fully along with interest having fallen due. The company has initiated requisite steps for making the plant ready for operations and has in this direction, with a view to generate revenue and make the plant operational, the company has, on 01-04-2017 entered in to a Facility User Agreement with a company specializing in contract manufacturing. Under the said agreement, part of the plant and machinery shall be operated by the said company. With the restart of the plant by them, the management believes that the company shall gradually start earning surplus and losses incurred in past will get wiped out in due course and there after the company will be able to operate in normal course of its business. The financial statements, as such have been prepared on going concern basis on the strength of management's plan of revival including restructuring of liabilities, providing the adequate finance for the operations and reorganization of business of the company.

Our opinion is not modified in respect of this matter since the company contemplates, as explained above, to run and operate the company on going concern basis.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters given in Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern section of our report to be the key audit matters to be communicated in our report.

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibilities for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Form the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has disclosed the possible impact of pending litigations on its financial position in its Ind AS financial statements –Refer other notes III of Annexure I (1) (i) to (xii) to the financial statements;
    - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**For K.K. Jain & Co.**  
**Chartered Accountants**  
**FR No. : 002465N**

**(Simmi Jain)**  
**Partner**  
**M.No. : 086496**

**Place : New Delhi**  
**Date : 28.07.2020**

**Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of Independent Auditors’ Report of even date on the financial statements for the year ended on March 31, 2020.**

**i) Fixed Assets**

- The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- The Company has a programme of verifying all of the fixed assets over a period of three years, having regard to the size of the Company and nature of assets which in our opinion is reasonable. However, no physical verification of Fixed Asset have been carried out by the management, as the plant is under shutdown and suspension of production, w.e.f., 10.08.2013, hence discrepancies, if any, between the physical balance and book balance and their adjustment in the books of accounts at the year end has not been dealt in the books of accounts.
- The title deeds of immovable properties are held in the name of the company except in respect of the freehold land having value of Rs 593 thousands (Previous year Rs 593 thousand) for which registration in favour of the company is pending for want of mutation with the competent authorities. The gross and net carry value of such fixed asset as on 31.03.2020 is Rs 3100 thousands.

**ii) Inventories**

The stock of raw materials and stores & spare parts have not been physically verified by the management at reasonable intervals, since the plant has been under shutdown and operations suspended w.e.f. 10.08.2013. As no physical verification of inventories were carried from 10.08.2013 the discrepancies between book balance & physical balance if any, have neither been ascertained nor the same have been properly dealt in the books of accounts.

**iii) Transactions with parties u/s 189 of the Companies Act, 2013**

The company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties during the year or in earlier years covered in the register maintained under section 189 of the Companies Act, 2013 as such para (a), (b) & (c) of clause are not applicable.

**iv) Loans, Investments Guaranties & Securities etc. covered u/s 185 & 186 of the Act.**

The company has neither given any loans investments, guarantees and security covered under section 185 and 186 of the Act during the year under audit nor in earlier year and hence the clause is not applicable.

**v) Deposits**

The Company has not accepted any deposits during the year or in earlier years which are covered under the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.

**vi) Cost Records**

The maintenance of cost records has been specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013. Since there have been no production since 10.08.2013 to till date, no records have been made & maintained by the company.

**vii) Statutory Dues**

- a) According to the books and records, examined by us and information and explanations given to us, the company is not regular in depositing the undisputed statutory dues including Provident fund, income-tax (tax deducted at source and tax collected at source), GST, service tax, cess & any other applicable statutory dues to the appropriate authorities during the year.
- The arrears on account of such statutory dues as at the end of the financial year 31st March 2020 for a period of more than six months from the date they become payable are Service Tax: Rs 7,867 thousands, Income Tax (TCS)Rs. 381 thousands, Electricity Duty: 2,601 thousands (excluding unprovided Rs 2,281 thousands) and Cess Rs. 1 thousand.
- b) The details of dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, etc. which have not been deposited on account of dispute are given hereunder:

					(Rs. '000)
Name of the statute	Forum where Dispute pending	Nature of dues	Period of dispute	Amount	
1. JVAT Act, 2005	Jt. Comm. of Commercial Taxes (Appeals), Jsr. (Amt. paid on appeal Rs.5.88 lakhs).	Tax on JVAT.	2010-11	5,291	
2. JVAT Act, 2005	Commissioner of Commercial Taxes Jharkhand, Ranchi.	Tax on JVAT.	2010-11	8140	
3. JVAT Act, 2005	Commissioner of Commercial Taxes, Jharkhand Ranchi.	Central Sales Tax	2010-11	3096	
4. Income Tax Act, 1961	ITAT, Patna	Short deduction of tax at source and collection of Tax at Source with interest and penalty raised by DCIT, JSR and confirmed by the commissioner of Income Tax (Appeals), JSR on 28-03-2016.	A.Y. 2004-05 A.Y. 2005-06	2715 2880	

- viii) The company has not defaulted in repayment of loans to financial institutions & banks except the liability on account of currency fluctuation on foreign currency loan and interest thereon amounting to Rs 3,42,052 thousands disputed by the company and pending before the Hon'ble High Court, Jharkhand, Ranchi. The soft loan obtained under Rehabilitation Scheme, 2003 from Government of Jharkhand amounting to Rs 3,25,000 thousands principal and interest of Rs 6,77,712 thousands (inclusive of unprovided interest of Rs 4,03,092 thousands) which was due after 30.09.2011 as per BIFR Scheme (also refer note 12(f)). There is no debenture in the Company.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debts instruments) and term loans and hence the application of such money for the specified purposes is not applicable.
- x) Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year under audit.
- xi) No managerial remuneration has been paid or provided.
- xii) The company is not a Nidhi Company and hence the clause is not applicable.
- xiii) According to the records of the company and information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv) The company has made not any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review as such

the clause is not applicable to the company.

- xv) As per the records of the company and information and explanation provided to us, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the clause is not applicable.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For K.K. Jain & Co.  
Chartered Accountants  
FR No. : 002465N

Place : New Delhi  
Date : 28.07.2020  
UDIN: 2008496AAAACJ7435

(Simmi Jain)  
Partner  
M.No. : 086496

## **Annexure (B) to Independent Auditor's Report**

### **Referred to in paragraph (h) under the head 'Report on Other Legal and Regulatory Requirements' of even date)**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, ("the Act")**

1. We have audited the internal financial control with reference to financial statement of BIHAR SPONGE IRON LIMITED ("the Company") as of March, 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statement, criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

- a. According to the information and explanation given to us and based on our audit, the following material weakness have been identified as at March 31, 2020: a. The company's internal control system with respect to physical verification of stores & spares parts and Fixed Assets have not been operated effectively since neither physical verification was carried out nor adjustment for discrepancies (including deterioration/ obsolescence for fixed assets) if any, between the physical balance and book balance at the yearend 31.03.2020 have been dealt in the books of accounts. b. Confirmation of balance and reconciliation of Sundry Creditors & Suppliers, Services Providers/Contractors, Lenders and advances etc. are pending since last 6 years at the year end.

In our opinion, because of the possible effects of the material weakness as described above on the achievements of the objectives of internal control criteria, the company has not maintained adequate internal financial control over financial reporting and such internal financial controls over financial reporting were not operating effectively with respect to inventories and fixed assets as on March 31, 2020, and

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit test applied in our audit of the year ended March 31, 2020 financial statements of the company and these material weaknesses don't affect our opinion on the financial statements of the company.

For K.K. Jain & Co.  
Chartered Accountants  
FR No. : 002465N

(Simmi Jain)  
Partner  
M.No. : 086496

Place : New Delhi  
Date : 28.07.2020

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020**

Rs. 000'

PARTICULARS	Note. No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	1	<b>446052</b>	479056
(b) Capital Work in Progress	1A	<b>28207</b>	28207
(c) Other Tangible Assets	1B	-	-
(e) Deferred Tax Assets	2	-	-
(f) Other non Current Assets	3	<b>36630</b>	36630
		<b>510889</b>	543893
<b>(2) Current Assets</b>			
(a) Inventories	4	<b>36580</b>	46325
(b) Financial Assets			
(i) Trade Receivables	5	<b>5586</b>	4802
(ii) Cash and Cash Equivalents	6	<b>1402</b>	5734
(iii) Bank balances other than (ii) above	7	<b>4640</b>	4640
(iv) Others	8	<b>1441</b>	1056
(c) Others Current assets	9	<b>20860</b>	21809
		<b>70509</b>	84366
<b>Total</b>		<b>581398</b>	628259
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	10	<b>902531</b>	902531
(b) Other Equity	11	<b>(1778108)</b>	(1769848)
		<b>(875577)</b>	(867317)
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
a) Financial Liabilities			
Other Financial Liabilities	12	<b>606560</b>	620459
b) Provisions	13	<b>22926</b>	27807
c) Deferred Tax Liabilities	2	-	-
d) Other non-Current Liabilities	14	<b>8155</b>	8155
		<b>637641</b>	656421
<b>(2) Current Liabilities</b>			
a) Financial Liabilities			
i) Trade Payables	15	<b>79115</b>	92858
ii) Other Financial Liabilities	12	<b>698599</b>	698599
		<b>777714</b>	791457
b) Other Current Liabilities	14	<b>38426</b>	45030
c) Provisions	13	<b>3194</b>	2668
		<b>819334</b>	839155
<b>Total Equity and Liabilities</b>	<b>Total</b>	<b>581398</b>	628259

Notes No. 1 to 25 and Annexure I containing Accounting Policies  
and General Notes forming Part of the Financial Statements  
As per our report of even date attached.

FOR K.K. Jain & Co.  
Chartered Accountants  
[FRNo. 02465N]

U. K. Modi  
(Chairman & Director)  
[DIN 00002757]

Jayesh Modi  
(Director)  
[DIN 02849637]

R. K. Agarwal  
(Director)  
[DIN 00298252]

Simmi Jain  
(Partner)  
Membership no. 086496

J.C. Chawla  
Director  
[DIN 05316202]

A. K. Sinha  
(Chief Financial Officer)  
[PAN GMAPS2353L]

Himani Mittal  
Company Secretary  
[M.N.A37715]

Place : New Delhi  
Date : 28<sup>th</sup> July, 2020

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020**

Rs. 000'

PARTICULARS	Note. No.	Year Ended 31.03.2020	Year Ended 31.03.2019
I Revenue from operations	16	-	-
II Other Income	17	<b>58,651</b>	<b>86,497</b>
<b>III Total Income (I +II)</b>		<b>58,651</b>	<b>86,497</b>
<b>IV Expenses:</b>			
Cost of materials consumed	18	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	-	-
Employee benefits expense	20	<b>17,486</b>	<b>17,727</b>
Finance costs	21	<b>96</b>	<b>861</b>
Depreciation and amortization expense	22	<b>32,924</b>	<b>42,895</b>
Other expenses	23	<b>16,547</b>	<b>13,049</b>
<b>Total Expenses (IV)</b>		<b>67,053</b>	<b>74,532</b>
V. Profit / (Loss) before exceptional and tax (III - IV)		<b>(8,402)</b>	<b>11,965</b>
VI. Exceptional Items Income/(Expenses)	24	<b>142</b>	<b>(13,052)</b>
VII. Profit / (Loss) before tax (V - VI)		<b>(8,260)</b>	<b>(1,087)</b>
<b>VIII. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total		-	-
IX. Profit/(Loss) for the year		<b>(8,260)</b>	<b>(1,087)</b>
X. Earning per equity share:	25		
(1) Basic		<b>(0.09)</b>	<b>(0.01)</b>
(2) Diluted		<b>(0.09)</b>	<b>(0.01)</b>

Notes No. 1 to 25 and Annexure I containing Accounting Policies  
and General Notes forming Part of the Financial Statements  
As per our report of even date attached.

FOR K.K. Jain & Co.  
Chartered Accountants  
[FRNo. 02465N]

U. K. Modi  
(Chairman & Director)  
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A. K. Sinha  
(Chief Financial Officer)  
[PAN GMAPS2353L]

Himani Mittal  
Company Secretary  
[M.N.A37715]

Place : New Delhi  
Date : 28<sup>th</sup> July, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

Rs. 000'

	As at March 31, 2020	As at March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax	(8,260)	(1,087)
Adjustments for :		
Depreciation	32,924	42,895
Interest Expense	96	861
Interest Income	(423)	(133)
Fixed Assets Retired & Written Off	80	123
Debit /Credit balances writtenoff	(15,295)	(44,619)
Finished Goods obsolete items Written Off	-	-
Waive off of remuneration by Director (Works)	(864)	(864)
Remeasurements recognised in OCI (Gain)/Loss in Gratuity and Leave encashments	4,154	743
Unclaimed Amount Wretten Back	(3,964)	(3,133)
Stores & Spares Written off	600	-
Iron Ore Mine Development Charges Wrtten Off	-	4,725
Exceptional Items-(Expenses- Write Down in Value of Inventories)	9,145	11,581
	<b>18,145</b>	<b>12,179</b>
<b>Operating profit/(Loss) before working capital changes</b>	<b>9,885</b>	<b>11,092</b>
Change in working Capital :		
(Increase) /Decrease in Trade Receivables /Long /Short Term Loans and Advances excluding TDS	984	(1,764)
(Increase)/Decrease in Inventories except Write Down in Value	-	-
Increase /(Decrease) in Trade Payable and Provisions	(425)	(9,641)
	<b>559</b>	<b>(11,405)</b>
<b>Cash (used in) / Generated from operations</b>	<b>10,444</b>	<b>(313)</b>
Income Tax/ TDS Paid/Refund	(819)	(1,456)
<b>Net Cash (used) in / generation from operating activities</b>	<b>9,625</b>	<b>(1,769)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	38	13
Purchase of fixed assets (including CWIP)	-	-
Proceeds from Sales of fixed assets	-	-
<b>Net Cash (used) in/flow from investing activities</b>	<b>38</b>	<b>13</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long/Short term borrowings	-	3,899
Interest paid	(96)	(861)
Repayment of long /Short term borrowings	(13,899)	-
<b>NET CASH FLOWS FROM /(USED) IN FINANCING ACTIVITIES</b>	<b>(13,995)</b>	<b>3,038</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(4,332)</b>	<b>1,282</b>
Cash and Cash equivalents at beginning of period	<b>10,374</b>	<b>9,092</b>
<b>Cash and Cash equivalents at end of the period (Note No 6 &amp; 7)</b>	<b>6,042</b>	<b>10,374</b>

\* Figures in bracked indicate cash outflow.

As per our report of even date attached.

FOR K.K. Jain & Co.  
Chartered Accountants  
[FRNo. 02465N]U. K. Modi  
(Chairman & Director)  
[DIN00002757]Jayesh Modi  
(Director)  
[DIN 02849637]R. K. Agarwal  
(Director)  
[DIN 00298252]Simmi Jain  
(Partner)  
Membership no. 086496J.C.Chawla  
Director  
[DIN 05316202]A. K. Sinha  
(Chief Financial Officer)  
[PAN GMAPS2353L]Himani Mittal  
Company Secretary  
[M.N.A37715]Place : New Delhi  
Date : 28<sup>th</sup> July, 2020

Notes to Financial Statements for the Year Ended on 31<sup>st</sup> March, 2020

## NOTE - 1 : PROPERTY, PLANT AND EQUIPMENT

Rs.000'

Particulars	Gross Block			Depreciation				Net Book Value		
	As at 01.04.2019	Addi- tions	Deduc- tions /Disposal	As at 31.03.2020	As at 31.03.2019	Additions	Deductions/ disposal	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Freehold land*	3,100	-	-	3,100	-	-	-	-	3,100	3,100
Leasehold land	38,883	-	-	38,883	8,574	443	-	9,017	29,866	30,310
Building	3,65,805	-	-	3,65,805	2,57,786	6,952	-	2,64,738	1,01,067	1,08,018
Plant and Equipment	25,46,640	-	-	25,46,640	22,18,434	25,470	-	22,43,904	3,02,736	3,28,206
Furniture & Fixtures	5,786	-	406	5,380	5,445	36	386	5,095	285	340
Vehicles **	10,710	-	-	10,710	10,175	-	-	10,175	535	536
Office Equipments	5,690	-	1,219	4,471	5,361	23	1,159	4,225	246	329
Railway siding	1,64,335	-	-	1,64,335	1,56,118	-	-	1,56,118	8217	8217
Total	31,40,949	-	1,625	31,39,324	26,61,893	32,924	1,545	26,93,272	4,46,052	4,79,056t
(Previous Year)	31,43,615	-	2,666	31,40,949	26,21,541	42,895	2,543	26,61,893	4,79,056	522074

\*Free hold land includes at Rs. 593 Thousands (Previous year Rs.593 Thousands)for which registration in favour of the company is pending for want of mutation from competent authorities.

\*\* Vehicles includes Rs. 981 Thousands (Previous Year Rs.981 Thousands)which are yet to be transferred in the name of the company.

## NOTE - 1A : CAPITAL WORK IN PROGRESS

Particulars	As at 01.04.2019	Additions	Deductions /Disposal	As at 31.03.2020
Plant & Machinery	28,207	-	-	28,207
(Previous Year)	28,207	-	-	28,207

## NOTE - 1B : INTANGIBLE ASSETS

Particulars	Gross Block				Depreciation				Net Book Value	
	As at 01.04.2019	Additions	Deductions /Disposal	As at 31.03.2020	As at 01.04.2019	Additions	Deductions /Disposal	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
ERP Software	1,527	-	-	1,527	1,527	-	-	1,527	-	-
(Previous Year)	1,527	-	-	1,527	1,527	-	-	1,527	-	-

**NOTE - 2 : DEFERRED TAX ASSETS / LIABILITIES**

Rs.000'

Particulars	As at 31.03.2019	For the Year	As at 31.03.2020
<b>Deferred Tax Assets</b>			
Unabsorbed tax depreciation	3,86,757	-	3,86,757
Unabsorbed Assessed Business Loss	1,40,559	(8,064)	1,32,495
Provision disallowed under Income Tax	6,819	(348)	6,471
Disallowed u/s 43B of Income Tax Act	3,742	(161)	3,581
<b>Total</b>	<b>5,37,877</b>	<b>(8,573)</b>	<b>5,29,304</b>
<b>Deferred Tax Liabilities</b>			
Difference between book & tax depreciation	(22,149)	(8,774)	(30,923)
<b>Net Deferred Tax Assets</b>	<b>5,60,026</b>	<b>201</b>	<b>5,60,227</b>

Deferred Tax Liability has been calculated in accordance with the Return of Income filed/assessment made. As required by the IND AS 12, on conservative basis the Deferred Tax Assets and Deferred Tax Liabilities have not been recognised in absence of virtual certainty supported by convincing evidence that future taxable income against deferred tax liabilities/ assets will be available/realised.

**NOTE - 3 : OTHERS NON-CURRENT ASSETS**

Particulars	As at 31.03.2020	As at 01.04.2019
Unsecured, Considered Good unless otherwise stated		
Capital Advances	863	863
Advances Recoverable (refer note 5 of Ann. I(III)) (Other than related parties)	21,528	21,528
Security Deposit with Govt a& Other Parties	1,752	1,752
Sales Tax/VAT recoverable (including Sales Tax/VAT paid under protest & Entry Tax)	12,487	12,487
<b>Total</b>	<b>36,630</b>	<b>36,630</b>

**NOTE - 4 : INVENTORIES**

(Valued at lower of cost or net realisable value)		
Raw Materials	1,330	1,662
Stores & Spares	35,250	44,663
<b>Total</b>	<b>36,580</b>	<b>46,325</b>

Note :

- Write Down of inventories in Raw Materials and Stores & Spares to net realisable value during the year ended 31<sup>st</sup> March 2020 to Rs. 9145 thousands(during the year ended 31<sup>st</sup> March, 2019 Rs. 11581. thousands)
- Mode of valuation has been stated in note no. 3 in accounting policies Annexure - 1.

**NOTE - 5 : TRADE RECEIVABLES**

<b>Unsecured, Considered Good unless otherwise stated :</b>		
Outstanding for more than six months	-	-
- Doubtful	5,476	4,585
Less : Provision for Doubtful receivables	4,585	4,585
	891	-
Outstanding for less than six months		
Unsecured, Considered Good from related party:		
Unsecured, Considered Good	4,695	4,802
<b>Total</b>	<b>5,586</b>	<b>4,802</b>

**NOTE - 6 : CASH & CASH EQUIVALENTS**

<b>Cash and Bank Balances</b>		
<b>Bank Balances</b>		
Balance with Scheduled Bank		
- in Current Account	1,356	5,665
Cash in hand	46	69
<b>Total</b>	<b>1,402</b>	<b>5,734</b>

**NOTE - 7 : OTHER BANK BALANCES**

<b>Other Bank Balances</b>		
Fixed Deposits with maturity of more than 12 months*	4,640	4,640
<b>Total</b>	<b>4,640</b>	<b>4,640</b>

\* South Eastern Railway Rs. 2639 Thousands (P.Y. Rs. 2639 Thousands) and Rs. 2001 Thousands (P.Y. Rs. 2,001 Thousands pledged with Sales Tax Authorities.

Rs. 000

Particulars	As at 31.03.2020	As at 01.04.2019
-------------	------------------	------------------

**NOTE - 8 : OTHER FINANCIAL ASSETS**

Interest accrued on fixed deposit	1,441	1,056
Total	1,441	1,056

**NOTE - 9 : OTHER CURRENT ASSETS****Unsecured, Considered Good unless otherwise stated:****Others:**

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

-Others

Advance to Related Parties

Balance with Revenue Authorities :

'-Excise Duty /Sales Tax deposited under protest

- Sales Tax recoverable

- Tax deducted at source

	2,858	5,334
	3,596	2,888
	1,027	1,027
	8,476	8,476
	4,903	4,084
Total	20,860	21,809

**NOTE - 10 : EQUITY SHARE CAPITAL****AUTHORIZED CAPITAL**

100,000,000 Equity share of Rs. 10/- each (P.Y. 100,000,000)

	10,00,000	10,00,000
	10,00,000	10,00,000

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

90,205,403 Equity share of Rs. 10/- each fully paid in cash (P.Y. 90,205,403)

Add : Forefeited shares (amount originally paid up)

	9,02,054	9,02,054
	477	477
Total	9,02,531	9,02,531

**10.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares of Rs. 10 Each, Fully paid up	As at 31.03.2020		As at 01.04.2019	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	9,02,05,403	90,20,54,030	90,02,05,403	90,20,54,030
At the end of the year	9,02,05,403	90,20,54,030	9,02,05,403	90,20,54,030

**10.2 Term/Rights attached to equity shares.**

The company has only one class of equity share having a par value of Rs. 10/- per share. 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.

**10.3 Details of Shareholders holding more than 5% Equity Shares in company.**

Equity Shares	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Moderate Leasing and Capital Services Ltd.	4,42,93,633	49.10	4,42,93,633	49.10
Bihar State Industrial Development Corp. Ltd.	67,59,960	7.49	67,59,960	7.49

As per record of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

RS. 000

Particulars	As at 31.03.2020	As at 01.04.2019
<b>NOTE - 11 : OTHER EQUITY</b>		
<b>Capital Reserve :</b>		
Opening Balance	1,500	1,500
<b>Securities Premium Reserve</b>		
Opening Balance	2,36,338	2,36,338
<b>Revaluation Reserve</b>		
Opening Balance	4,11,317	4,11,317
<b>Surplus</b>		
Loss at the beginning of the year	(24,19,003)	(24,17,916)
Loss as per statement of Profit & Loss	(8,260)	(1,087)
Closing Balance	(24,27,263)	(24,19,003)
Total	(17,78,108)	(17,69,848)

**NOTE - 12 : OTHER FINANCIAL LIABILITIES**

<b>Non Current</b>		
<b>Secured</b>		
Term Loan-Foreign Currency		
- Refer (a) below	-	-
<b>Unsecured :</b>		
Loans & Advances From Related Parties		
- Body Corporates	3,82,785	3,86,684
- Directors	3,795	3,795
Loans & Advances from other than Related Parties		
- Body corporate	2,19,980	2,29,980
Total	6,06,560	6,20,459
<b>Current</b>		
Current maturities of long term debts	-	-
(Refer Note 12 for nature for Securities)		
- Soft Loan from Govt of Jharkhand	3,25,000	3,25,000
(under Rehabilitation Scheme 2003)		
- Interest accrued and due on borrowing	2,74,619	2,74,619
(to the extent provided for, also refer note no (f) of Note 12)		
Interest accrued and due on borrowing / acceptances	98,980	98,980
Total	6,98,599	6,98,599

- a) Disputed liability amounting to Rs.3,42,052 thousands (P.Y. Rs. 3,09,886 thousands) 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 and Single Bench of Jharkhand High Court, has not been provided by the Company pending disposal of Letters Patent Appellate Jurisdiction (LPA) filed before the divisional bench of the High Court of Jharkhand, 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 and finished goods, consumable stores, spares, book debts etc. ranking pari-passu. There has been no balance of working capital loans since earlier years.
- d) Soft Loan (including interest thereon) under Jharkhand Industries Rehabilitation Scheme, 2003 from the State Government of Jharkhand are secured by:
- (i) 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
- (ii) Additionally secured by way of pledge of equity share capital of Rs.3,25,000 Thousand allotted to the private promoter (MLCSL). and Corporate guarantee by SBEC Sugar Ltd. given to Govt. of Jharkhand against such soft loan .
- 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 and be subject and subservient to the mortgages and charges created and / or to be created in favour of the secured lenders.
- e) The amount of term loans (included foreign currency loans) of Rs.7,00,000 thousands as per BIFR scheme dated 29.04.2004 was repayable in 30 quarterly instalments of Rs.23,333 thousands each commencing from 15 th July 2004 to 30th September, 2011 which has been fully repaid except the element of disputed liability on account of currency fluctuation as stated (a) above. The modification/satisfaction of the charges to this extent is still in the process of filing with ROC.
- f) As per para 8.4 of the sanctioned BIFR Scheme dated 29.07.2004, the interest on Soft loan under 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 and the defaulted amount of Principal and interest as on 31.03.2020 comes to Rs. 3,25,000 thousands and Rs. 6,77,712 thousands including unprovided interest of Rs. 4,03,092 thousands (P/Y Rs.3,25,000 thousands and Rs. 6,03,436 thousands including unprovided interest of Rs.3,28,817thousands) respectively inclusive of unprovided interest of Rs. 4,03,092 thousands from 10th August, 2013 to 31st March, 2020 (Rs. 3,28,817 thousands upto 31.03.2019), for which the company has approached Government of Jharkhand for reschedulement proposed in the Modified Draft Rehabilitation Scheme filed before the BIFR in 2012.
- g) There has been no stipulation for repayment of unsecured loans & advances from related parties and hence no disclosure has been made.

Particulars	As at 31.03.2020		As at 31.03.2019	
	Current	Non-Current	Current	Non-Current

**NOTE - 13 : PROVISIONS**

Provision for Employee Benefits :				
(a) Provision for Gratuity	2,963	21,226	2,466	25,590
(b) Provision for leave encasement	231	1,700	202	2,217
<b>Total</b>	<b>3,194</b>	<b>22,926</b>	<b>2,668</b>	<b>27,807</b>

**NOTE - 14 : OTHERS LIABILITIES**

Others				
Security Deposit from Transporters/Contractors	-	778	-	778
Security Deposit-Sales Tax	-	7,377	-	7,377
Advances from Customers	3,127		5,828	-
Other Payables		-		
- Statutory Dues	1,940		2,933	-
- Other Collections, pending remittance	7,867	-	7,867	-
- Due to Employee Benefits	10,471	-	13,111	-
- Due for Expenses incurred	14,992	-	15,262	-
- Other Deposit	29	-	29	-
<b>Total</b>	<b>38,426</b>	<b>8,155</b>	<b>45,030</b>	<b>8,155</b>

**NOTE - 15 : TRADES PAYABLE**

Due to units under MSME	-	-	-	-
(Refer note 9 of Annexure I(III))				
Others	79,115	-	92,858	-
<b>Total</b>	<b>79,115</b>	<b>-</b>	<b>92,858</b>	<b>-</b>

**NOTES TO STATEMENT OF PROFIT & LOSS**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
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**NOTE - 16 : REVENUE FROM OPERATIONS**

Sales		
Gross Sales	-	-
Less : GST	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE - 17 : OTHER INCOME**

Interest on fixed Deposits & Others*	423	133
Other non-operating income		
a. Sales of Waste and Scrap (Net of GST)	11,125	639
b. Rent recovery from Others*	1,808	8,756
c. Misc. Income*	-	2,350
d. User Facility Charges recovery from Others*	30,000	30,000
e. Debit/Credit balance written off(net)	15,295	44,619
<b>Total</b>	<b>58,651</b>	<b>86,497</b>

\* Includes Tax Deducted at source Rs. 819 Thousands (Previous year Rs. 1456 Thousands)

**NOTE - 18 : COST OF MATERIALS CONSUMED**

Raw Materials :		
Iron ore	-	-
Coal	-	-
Dolomite	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS**

Opening Stock		
Finished Goods	-	-
Closing Stock		
Finished Goods	-	-
Net Changes		
Finished Goods	-	-
<b>Net Decrease</b>	<b>-</b>	<b>-</b>

Rs. 000

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>NOTE - 20 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and allowances	12,882	12,583
Gratuity	2,935	3,303
Leave Encashment	253	303
Contribution to Provident Fund	1,076	1,102
Inspection Charges Provident Fund	80	93
Staff Welfare Expenses	260	343
<b>Total</b>	<b>17,486</b>	<b>17,727</b>
<b>NOTE - 21 : FINANCE COST</b>		
Interest :		
a) On long term borrowing	-	-
b) Interest and Penalty		
- Excise duty/S.Tax/I.Tax/Sales Tax/PF/Tax Deducted at sources	84	817
c) Other Interest (Security Deposit & Others)	-	-
Bank & Other Charge	12	44
<b>Total</b>	<b>96</b>	<b>861</b>
<b>NOTE - 22 : DEPRECIATION &amp; AMORTIZATION EXPENSES</b>		
Depreciation & Amortization (Including on revaluation reserve Rs. 21364 thousands (PY 21364 thousand)	32,924	42,895
<b>Total</b>	<b>32,924</b>	<b>42,895</b>
<b>NOTE - 23 : OTHER EXPENSES</b>		
Power & Fuel	2,148	-
Repair & Maintenance :		
Railway Siding	502	453
Plant & Machinery	1,179	796
Others	510	586
Rent	1,904	1,904
Rates & Taxes incl. wealth tax	251	359
Insurance	45	495
Director's Sitting Fee	77	108
Printing & Stationery	632	609
Telephone, Telex and Postage	1,824	2,303
Vehicle Running & Maint.	311	211
Travelling & Conveyance	550	651
Legal & Professional	1,224	1,844
Auditor's Remuneration		
- As Audit Fee	160	160
- As Tax Audit	35	35
-Certification and Company Law	105	125
Repair & Maintenance	460	516
Social Development Expenses	423	332
Miscellaneous Expenses	1,684	1,379
Damages against court order	1,564	-
Stores & spares Written off	600	-
Fixed Assets Retired & Written Off	80	123
Prior Period Items (net)*	127	-
Advertisement and Sales Promotion	152	60
<b>Total</b>	<b>16,547</b>	<b>13,049</b>
<b>*The details of prior period items(net) are as under :</b>		
Expenditure :		
Social Development Expenses	107	-
Advertisement	8	-
Insurance	11	-
<b>Total</b>	<b>127</b>	<b>-</b>

Particulars	Rs. 000"	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>NOTE :24 EXCEPTIONAL ITEMS INCOME/(EXPENDITURE)</b>		
Waive off of remuneration by Director (Works)	864	864
Reversal of excess provisions	305	-
Remeasurements of the Leave encashments	347	(80)
Unclaimed Amount Wretten Back	3,964	3,133
Remeasurements recognised in OCI (Gain)/Loss in Gratuity	3,807	(663)
Iron Ore Mine Development Charges Wrtten Off	-	(4,725)
Write Down of inventoris in Raw Materials and Stores & Spares to net realisable value	(9,145)	(11,581))
Total	<u>142</u>	<u>(13,052)</u>

**NOTE 25 : EARNING PER SHARE (EPS)**

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

Profit /(Loss) after tax for the year	(8,260)	(1,087)
Weighted Average number of equity shares of Rs.10/- each fully paid up	9,02,05,403	9,02,05,403
Basic & Diluted Earnings per share	(0.09)	(0.01)

**ANNEXURE 1 : ACCOUNTING POLICIES & GENERAL NOTES FORMING PART OF THE FINANCIAL INFORMATION****I. Corporate Information**

1. Bihar Sponge Iron Ltd (referred to as 'BSIL' "the company" established in the year 1982 and having its registered office at Umesh Nagar, Chandil, District, Saraikela – Kharsawan, Jharkhand – 832401 is engaged in manufacture, producing, purchase, export, sale and deal of pre-reduced form of Iron such as sponge iron.

**II. Significant Accounting Policies****1. Basis of preparation of financial information**

- a. The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

**2. Use of Estimates**

The preparation of financial statements require the management to make some estimates and assumptions which affect the reported amount of assets and liabilities and the disclosures relating the contingent liabilities as at the date of the financial statements and the reported amount of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, employee benefit, provision for tax & duties (including interest on arrear statutory dues/liabilities), the useful lives of depreciable fixed assets and provisions for impairment. Future results could differ due to change in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialised.

**3. Inventories**

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

**4. Fixed Assets:**

- a) Fixed Assets are stated at cost or revalued cost, less accumulated depreciation/amortization. Costs include taxes duties (net of CENVAT / GST), cost of stores materials issued and expenditure incurred during construction and installation where applicable. Indirect expenses are not capitalised alongwith the fixed assets.
- b) All assets are reviewed for impairment as per Ind AS 109; wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. An impairment loss, if any, is charged to statement of Profit and Loss in the year in which the assets are identified as impaired.

**5. 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 relatable to them up to the date of commercial production.

**6. Depreciation / Amortization**

- a) Depreciation on Tangible fixed assets other than land is charged on straight line method so as to write off the cost/carrying amount of assets (including revalued amount) as on 1-04-2014 over the useful life of assets as per Schedule II of the Companies Act, 2013. For assets acquired or sold during the year, the depreciation is calculated on pro-rata basis from the date of addition or upto the date of sale or discarded.
- b) Lease hold land is depreciated over the lease period.
- c) Intangible assets are being amortised over their useful life / licenses period.

**7. 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 the date of the balance sheet.
- c) Exchange variation arising as a result of the translation of foreign currency loans are Capitalized / de-capitalized 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 or expense.

**8. 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 GST and is net of trade discounts.
- b) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest on tax refund is accounted for on receipt basis.
- c) Other miscellaneous revenues are recognized when the amount and the collectability are certain. Accordingly insurance claims are accounted for on settlement.

**9. 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.**

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

**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**

Employee benefits have been recognized in accordance with IND AS-19 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 lump sum 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 Statement of Profit and Loss.

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

**13. Provisions 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**14. Cash and Cash Equivalent**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at Bank, cash in hand and demand deposits with bank with an original maturity of three months or less than the date of acquisition.

**15. 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 extraordinary 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.

**16. 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 Ind AS-12.

**17. Leases**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as Operating Leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of Profit and Loss.

**18. Cash Flow Statement**

Cash flow are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

## ii. Notes Related to Accounting Standards

1. **Employee Benefits.**

The disclosure of 'Employee Benefits' as defined in IND AS-19 are as under:

**Expenses recognized in the statement of Profit & Loss**

		Rs. 000'
	Current Year	Previous Year
i) Defined Contribution Plan Employer's Contribution to Provident Fund (Refer Note No. 20)	1076	1102

ii) **Defined Benefits Plans**

Rs. 000'

	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous year	Current Year	Previous Year
Current service cost	1055	1372	91	132
Interest cost	1800	1931	162	171
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain)/loss	-	-	-	-
Past service cost	-	-	-	-
Re-measurements recognized in OCI (Gain)/Loss	(3807)	663	(347)	80
Expenses recognized in the statement of Profit & Loss	(872)	(3966)	(94)	383

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

Rs. 000'

	Gratuity		Leave Encashment Unfunded	
	Current Year	Previous year	Current Year	Previous Year
Discount Rate	6.70%	7.65%	6.70%	7.65%
Expected Rate of increase in Compensation Levels	2.50%	4.50%	2.50%	4.50%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Expected Average remaining working lives of employees (years)	11.29 years	14.15 years	11.29 years	14.15 years

(b) Reconciliation of Opening and Closing balances of benefit obligations:

Rs. 000'

	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous year	Current Year	Previous Year
Benefit obligation at beginning of the year	28056	25249	2419	2222
Current service cost	1055	1372	91	132
Interest Cost	1880	1931	162	171
Benefits paid	(2995)	(1159)	(395)	(186)
Curtailment and Settlement cost	-	-	-	-
Contribution by plan participants	-	-	-	-
Re-measurements Recognized in OCI (gain)/ loss	(3807)	663	-	-
Actuarial (gain)/ loss	-	-	(347)	80
Projected benefit obligation at end of the year	(24189)	(28056)	(1930)	(2419)
Net amount recognized in the balance sheet as at 31.3.2019	(24189)	(28056)	(1930)	(2419)

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

2. **Segment Reporting**

The company is a single location single product company and hence the requirements of IND AS -108 on Segment Reporting are not relevant.

3. **Related Party Transactions**

The transactions with related parties as per the IND AS-24 in terms of the provision of Section 2 (76) of the Companies Act, 2013 to the extent applicable are given below:

(a) **By virtue of control**

- (i) Moderate Leasing & Capital Services Ltd.
- (ii) Shri U K Modi Chairman and Director by virtue of article 100 of Articles of Association.

Mrs. Kum Kum Modi, Director, Shri Abhishek Modi, Director and Shri Jayesh Modi, Director are related to Shri U.K. Modi, Chairman & Director.

(b) **Key Management Personnel**

- (i) Shri Satish Kumar Gupta- Whole time Director- Works
- (ii) Ms. Himani Mittal- Company Secretary w.e.f 01.06.2019.
- (iii) Mr. Nitish Nautiyal – Company Secretary w.e.f 16.11.2018 up to 30.04.2019.
- (iv) Shri Anil kumar Sinha, Manager Accounts and Chief Financial Officer

(c) There has been no Subsidiaries / Associates Company.

(d) Enterprises over which (a)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 Mundipharma Beauty Products Pvt. Ltd.
- (vi) Modi Line Travel Services Pvt. Ltd.
- (vii) Win Medicare Pvt. Ltd.
- (viii) Modi Motors Pvt. Ltd.
- (ix) Modi Hitech India Ltd.
- (x) M.G. Mobiles India Pvt. Ltd.
- (xi) Longwell Investment Pvt Ltd.
- (xii) A to Z Holdings Pvt Ltd.
- (xiii) Jayesh Tradex Pvt Ltd.
- (xiv) G.S. Pharmbutor Pvt. Ltd.
- (xv) Dayawati Modi Public School
- (i) Transactions with related Parties (As identified by the Management)

Rs.000'

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
Rent Recovered (incl. Service Tax & GST)	-	-	2133	10332	-	-
Facility User Charges Recovered	-	-	35400	35400	-	-
Misc Exp. Recovered	-	-	8	2773	-	-
Misc. Exp. Reimbursed/ Paid	-	-	1207	2472	-	-
Purchase of Stores/Fixed Assets	-	-	-	-	-	-
Exceptional Item *	-	-	-	-	864	864
Loan taken	-	3899	-	-	-	-
Loan repaid	3899	-	10000	-	-	-
Remuneration to KMP						
Director						
-Works	-	-	-	-	875	875
-Company Secretary up to 15.11.2018	-	-	-	-	25	400
Company Secretary w.e.f.16.11.2018	-	-	-	-	381	113
-Chief Finance Officer	-	-	-	-	548	593
Director						
-Sitting Fee to Non-Exec. Directors	-	-	-	-	77	108
Outstanding balances as on	31.3.20	31.3.19	31.3.20	31.3.19	31.3.20	31.3.19
-Receivable	-	-	3596	2888	-	-
- Trade Receivables	-	-	4695	4802	-	-
-Payable	-	-	7015	7822	-	-
- Unsecured Loan	334486	338385	268280	278280	3795	3795
-Intt on unsecured loan	32594	32594	59037	59037	-	-

\* represent amount of remuneration waived by the Director works.

#### 4. Leases

The company's leasing arrangements are in respect of premises (for office and accommodation of company's officer). These arrangements are both cancelable and non-cancelable in nature and ranging between one to three years as at 31<sup>st</sup> March, 2020.

Disclosure related to operating lease as lessee and lessor as per the Indian Accounting Standard-17 are as under:

Rs. 000'

Sl.No. Particulars	As at	
	31.03.20	31.03.19
A Total of future minimum lease payments under non-cancelable operating leases for each of the following periods		
- Not later than one year	1904	1904
- Later than one year and not later than five years	3808	3808
- Later than five years	-	-
B Lease rent recognized as expense in P&L A/c	1904	1904
C Total of future minimum lease payment expected to be received under the non-cancelable sublease at the balance sheet data.	1808	8756
D Lease payments received & recognized in the statement of profit & loss account.	1808	8756

## III: OTHER NOTES REQUIRED BY PART I &amp; PART II OF SCHEDULE III

1. **Contingent Liabilities:**

Claims not acknowledged as debts are as under: -

		(Rs. 000')	
Sl. No.	Particulars	As at 31.3.20	As at 31.03.19
(i) (a)	JVAT demand for FY 2010-11 for the assessed tax and penalty vide demand notice No.18872 dt.28.03.2014 (order dt.12.03.2014) raised by the Dy. Commissioner of Commercial Taxes, Adityapur, JSR (net of amount paid Rs.13489 thousands). The Company has filed appeal before the Commissioner of Commercial Taxes Jharkhand Ranchi on 29.05.2015 (Misc. Provision u/s 80(4) of JVAT Act.	8140	8140
(b)	CST Demand for FY 2010-11 for assessed tax and penalty vide demand notice dt.28.03.2014 (vide order dt.12.03.2014) raised by the Dy. Commissioner of Commercial Taxes, Adityapur, JSR (net of amount paid Rs.3055 thousands). The Company has filed appeal before the Commissioner of Commercial Taxes, Jharkhand Ranchi (Misc. Provision u/s 80(4) of JVAT Act dt.29.05.2015.)	3096	3096
(c)	Demand for electricity duty charges raised by the Dy. Commissioner / Asstt. Commissioner under Electricity Duty Rules (Rule 14) vide Order No.18431 dt.18.03.2014 for Rs.1271 thousands (F.Y. 2012-13) for Rs.1011 thousands (F.Y. 2011-12), the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellat authority.	2281	2281
(ii)	Demand for water charges and interest thereon disputed under Writ petition before Jharkhand High Court, Ranchi.	213191	213191
(iii)	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.	5600	5600
(iv)(a)	Disputed liability on account of currency fluctuation on foreign currency loans and interest thereon, pending before the Hon'ble High Court, Jharkhand, Ranchi.	342052	309886
(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. The matter is pending under SLP before the Hon'ble Supreme Court, Delhi.	43082	43082
(v)	Disputed Income Tax Demand for short deduction/collection of tax at source based on the NSDL Report by DCIT, JSR U/s 156 raised for the Assessment Year 2004-05 & 2005-06 was under appeal before CIT (Appeal). CIT (Appeal) vide Order dt.28.03.2016 has dismissed the appeal filed by the Company. The Company had filled appeal before the ITAT, Patna against above order.	5595	5595
(vi)	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
(vii)	Disputed penalty recovered by SECL in FY 2011-12 for short lifting of Coal quantity as per Linkage. The matter is pending under Writ Petition filed by the Company before the Hon'ble High Court of Chattisgarh, Bilaspur.	21528	21528
(viii)	Excise Duty (including Education Cess and SHE) demand of Rs.2353 thousands with interest and penalty of Rs.2353 thousands raised by Asstt. Commissioner, Central Excise, Div IV JSR vide order dt. 29-12-2016 for availing irregular claim of Cenvat in ER-6 in Dec 2014 on Supplementary invoices and on ineligible documents as per Rule 4(1), 9(1) and 9(2) of Cenvat Credit Rules. The matter is before CESTAT Kolkatta against order of CE(Appeal) dt 17-12-2018	4706	4706
(ix)	Excise Duty (including Education Cess & SHE) demand of Rs. 6499 thousands raised by Addl Commissioner, Central Excise, Jamshedpur vide order No. 71/ADC/2017 dt. 22-03-2017 on dutiable sale of scrap and waste during the FY 2006-07, 2007-08 & 2008-09. The matter is under Appeal Before the Commissioner of Central Excise (Appeals), Ranchi (filed on 22-05-2017). Amount deposited on appeal Rs. 487 thousands (on 18-05-2017)	6499	6499
(x)	Liability on account of Bank Guarantees issued to CIL, SE Railway & Sales Tax Authorities.	4026	4026
(xi)	Claims against the Company not acknowledged as debts pertaining to services rendered under contracts between the Company and a Party under the Civil Court, Saraikeela, Jharkhand (net of provision of 210.95 thousands).	7923	7923

**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. Nil (P.Y. Nil).

**2.2 Other Commitments: Rs. 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. 1350000 Thousands, Rs.650000 Thousands was to be paid as upfront payment and the balance Rs. 700000 Thousands was to be paid in 30 quarterly installments effective from 15th July, 2004.

(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 shall make payment of the due installments to its foreign lenders in 'Euro' as per the amount reflected in Euro in the statement annexed to the sanctioned scheme along with the applicable interest i.e. LIBOR plus 1% per annum (LIBOR + 3% in case of delay/ default in payment of installments).

The Company had filed appeal before the Appellate Tribunal for Industrial and Financial Reconstruction (AAIFR) challenging the above said order. AAIFR vide 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.3,42,052 Thousands as on 31-03-2020 (Rs. 3,09,886 Thousands as on 31-03-2019) being 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 which is still pending.

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

(IV) The Modified Draft Rehabilitation Scheme of the company was filed before the Hon'ble BIFR on 3rd December 2012. In the last review hearing held on 20th January 2014, the Hon'ble Bench of BIFR issued directions to the Ministry of Coal, Central Coal Field Ltd and Coal India Ltd to extend regular supply of coal as coal linkage with CCL and submit report within a month and the company was directed to update the position of Writ Petition filed before the Hon'ble Jharkhand, High Court Ranchi, is withdrawn.

(V) The company's Fuel Supply Agreement (FSA) with the existing terms and conditions with CCI has expired on 30th April 2013 and CCI has refused to enter fresh FSA with existing terms & conditions and proposed to enter into FSA under tapering basis coal linkage which the company refused to sign since its coal block was already de-allocated and rationale of tapering coal linkage did not exist. This has resulted into shut down of plant and suspension of production w.e.f. 10.08.2013.

(VI) Ministry of Coal, Government of India vide Notification No. 23011/51/2015-CPD dated 04-06-2015 has circulated Draft Paper for Auction of Coal linkages for non-regulated sector. The company was pursuing with Jharkhand State Mineral Development Corporation Ltd (JSMDC) for supply of coal to the company. JSMDC vide letter no. 1194 dated 15-10-2014 had approved the supply of 30,000 ton of coal per month from Sikni Coal Mine to the company. However vide another letter no. 1088 dated 20-07-2015 has reduced the proposed supply to 10,000 ton of coal per month initially. The company is pursuing the matter for supply of sufficient coal quantity to run the plant smoothly at the desired operational level.

(VII) The steel market had been facing a very challenging phase for quite some time as the market rate of sponge iron had been fluctuating. Of late there has been change in the market scenario and the prices of sponge iron have started looking up. The management expects that the recession phase of the steel market would be soon over.

(VIII) Consequent upon repealing of SICA w.e.f. 01-12-2016, the proceedings pending before BIFR/ AAIFR have come to an end.

(X) With the revival of the steel industry, considering the substantial accumulated losses, full erosion of working capital and the liabilities including long term borrowings having matured fully along with interest having fallen due, the company has initiated requisite steps for making the plant ready for operations, with a view to generate revenue and make the plant operational, the company has, on 01-04-2017 entered into a Facility User Agreement with a company specializing in contract manufacturing. Under the said agreement, part of the plant and machinery shall be operated by the said company. With the restart of the plant by them, the management believes that the company shall gradually start earning surplus and losses incurred in past will get wiped out in due course and there after the company will be able to operate in normal course of its business. The financial statements, as such have been prepared on going concern basis on the strength of management's plan of revival including restructuring of liabilities, providing the adequate finance for the operations and reorganization of business of the company.

4. The demand of water charges Rs.213191 thousands (inclusive of interest on arrear of water bills of Rs.50293 thousands) as on 31.03.2020 (P.Y. Rs.213191 thousands inclusive of interest of Rs.50293 thousands as on 31.3.2019) 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. 13869 thousands up to 31st March, 2020, (Rs.13869 thousands as on 31.3.2019).

5. South Eastern Coalfield Ltd. has imposed and recovered a penalty by encashment the bank guarantee of Rs.21528 Thousands in 2011-12 on account of short lifting of coal quantity in terms of Fuel Supply Agreement (FSA) dated 02.05.2008. The Company has taken up the matter with Coal India Limited/ South Eastern Coalfield Ltd. for refund of the said amount as settlement of dispute under clause 15.3 of the FSA. No provision has been made for penalty recovered since the matter is pending under writ petition filed by the Company before the Hon'ble High Court of Chattisgarh, Bilaspur.

6. During the financial year 2019-20 Rs.864 thousands is due for remuneration to Shri S K Gupta Director-Works. However, Shri S. K. Gupta vide letter dated 17-03-2020 has voluntarily waived off his entire remuneration for the F.Y. 2019-20 and accordingly no provision for remuneration of Rs.864 thousands has been made in the accounts.

**7. Shut down of Plant and suspension of operations.**

(i) Central Coalfields Ltd has stopped supply of linkage coal as per Fuel Supply Agreements (expired in April, 2013 & not renewed) to the Company w.e.f. 5th February 2013 for reason stated at para 7 above. Due to non-supply of Coal by CCL, the operations of the company has been shutdown and operation suspended w.e.f. 9th August 2013. The aforesaid action of Coal India Ltd, Central Coalfields Ltd and the Ministry of Coal, GOI. has been challenged by the company by way of Writ Petition (C) vide No. 1660 of 2013 before the Hon'ble Jharkhand High Court.

In view of the above, provision for the undernoted items of expense have not been made in the accounts for the period from 10th August, 2013 to 31st March, 2019 since the same would be considered on resumption of operations of the plant:

(a) Interest on Unsecured Loans of Rs. 606560 thousands (P.Y. Rs. 620459 thousands) taken from Promoters and other Parties (amounts unascertained),

- (b) Interest on Soft Loan from Government of Jharkhand under Jharkhand Industrial Rehabilitation Scheme 2003 amounting to Rs. 403092 Thousands (Rs. 328817 thousands upto March 31, 2020) which is subject to representations for waiver, and

(ii) **Inventories**

No physical verification of inventories of Raw-Materials and Stores & Spare Parts have been conducted during the financial year or as at the end of the year since the Plant is under shut down & suspension of production w.e.f. 09.08.2013, as such no adjustment for discrepancies, if any, between the book records and the physical verification have been made in the accounts.

The valuation of stores and spare parts & raw materials inventories have been done based on the cost carried in the books of accounts in absence of any items purchase during the year instead of on the basis of lower of cost or net realizable as contemplated in IND AS-2, however write down in the value of Stores & Spares parts & Raw Materials have been made @20% for obsolescence amounting to Rs. 9145 thousands (including for Raw Materials Rs.332 thousands).

(iii) **Fixed Assets & Impairments of Assets**

- (a) No physical verification of Tangible Assets have been carried out during the year or at the end of the financial Year 2019-20 in view of the shutdown accordingly neither the discrepancies between the physical stock and book balance, if any, ascertained nor carried out in the books of account as at the end of the financial year. However, in the opinion of management, this would not have material effects on the financial statements.
- (b) The impact of impairment between the carrying value of tangible assets including suspended capital work in progress and achievement of future projections based on reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of tangible assets as contemplated under IND AS-36 have neither been ascertained at the end of the financial year 31.03.2020 nor any provision for impairment has been made in the accounts since company has started the process of maintenance of plant and machinery and is in the process of resumption of operations in F.Y. 2019-20.
8. Related Party Transactions (RPT) in respect of renting of the office of the Company is Rs.2133 thousands (P.Y. 10332 thousands including GST) and the availing or rendering of services amounting to Rs.35408 thousands (P.Y. 38173 thousands) as covered under section 188 (1) (c) and (d) respectively and Rules made thereunder and is within the overall limits of Rule 15 of the Companies (Meetings of Board and its Power) Rules, 2014.
9. Outstanding dues to Micro, Small and Medium Enterprises:

The disclosure of dues details relating to enterprises covered under Micro, Small and Medium Enterprises Development Act 2006, to the extent the information are available with the Company, the disclosure in respect of the amount payable to such enterprises as 31st MARCH, 2020 is Rs. Nil (Previous Year Rs. NIL)

- 10.(a) Income Tax assessment of the Company for the Asstt. Year 2012-13 has been completed under Section 143 (3) of the Act vide order dt.24.03.2015 by the Asstt. Commissioner of Income Tax, JSR. The Assessing Officer disallowed certain expenditure and the Returned loss of Rs.202230 lakhs on the ground that the company has not furnished the required information, documents, books of accounts and records inspite of questionnaire & the various reminders / show cause notice given / issued to the assessee. Since the plant was under shut down of plant and laborers did not allow the entry to staff / officer in the factory premises and hence the information / documents / original papers were produced to the extent possible. On being aggrieved with the said order, the Company has filed an appeal before the CIT (Appeal-3), Patna on 27.04.2015.
- (b) ACIT, Central Circle JSR vide Asstt. Order u/s 143(3) dt. 31.03.2016 for the AY 2013-14 has passed the order by reducing the returned loss from Rs.24,2429 thousands to Rs.174015 thousands by disallowing the cost of Raw material consumption of Rs.68414 lakhs due to excess consumption as compared to average of Rs.5.2% of the sales value and issued notice of demand u/s 156 of the Act for levy of Penalty u/s 271(1) (c).
- Aggrieved by the said order, the Company filed appeal u/s 246 A of the ITax Act before the Commissioner of Income Tax (Appeals)-3, Patna on 2.5.2016 for drop of disallowance and dismissal of Penalty proceedings.
- (c) ACIT, Central Circle JSR vide Asstt. Order U/S 143(3) dt 30-09-2016 for the AY 2014-15 has reduced the returned loss from Rs.122069 thousand to Rs.56,208 thousands by disallowing the cost of raw material Rs.1454 thousands, personnel cost Rs.36,994 thousands and depreciation of Rs.14319 thousand and issued notice of demand u/s 156 of the Act for levy of penalty u/s 271(1)(c) of the Act.
- Aggrieved by the said order, the company has filed appeal u/s 246A of the Act before the Commissioner of Income Tax, Appeal Patna on 05-11-2016 for drop of disallowances and penalty proceedings.
11. Credit/Debit balances of the Creditors, Lenders, Debtors and Advances as well as Bank Balances in some cases are subject to reconciliation/confirmation at the year end on 31.03.2020 & in earlier years.
12. In the opinion of the Board, any assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.
13. Note Related to Indian Accounting Standards

(A) Statement of changes in Equity

Particulars	Previous 01.04.2018	Effect of Changes in Share Capital	IND As 31.03.2019	Effect of Changes in Share Capital	IND As 31.03.2020
Opening Balance	9,02,531	-	9,02,531	-	9,02,531
	9,02,531	-	9,02,531	-	9,02,531

(A)

**(B) Statement of changes in other Equity**

Rs. 000'

Particulars	Capital Reserve	Share Premium Reserve	Revaluation Reserve	Retained Earning	Total
Opening Balance as on 01.04.2018	1,500	2,36,338	4,11,317	(24,17,916)	(17,68,761)
Add: Addition During the year	-	-	-	-	-
: Loss for the Year				(1,087)	(1,087)
Closing Balance as on 31.03.2019	1,500	2,36,338	4,11,317	(24,19,003)	(17,69,848)
Opening Balance as on 01.04.2019	1,500	2,36,338	4,11,317	(24,19,003)	(17,69,848)
Add: Addition During the year	-	-	-	-	-
: Loss for the Year				(8,260)	(8,260)
Closing Balance as on 31.03.2020	1,500	2,36,338	4,11,317	(24,27,263)	(17,78,108)

(Rs. 000')

	Current Year	Previous Year
14. Value of Imports calculated on CIF basis : Component & Spare Parts	Nil	Nil
15. Expenditure in Foreign currency Interest	Nil	Nil

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

(Rs. 000')

Particulars	Current year		Previous year	
	Value	%	Value	%
Raw Material:				
- Indigenous	Nil	-	Nil	-
- Imported	Nil	-	Nil	-
Stores & Spare Parts :				
- Indigenous	Nil	-	Nil	-
- Imported	Nil	-	Nil	-
Total	Nil	-	Nil	-
17. Repairs & Maintenance to Plant include stores and spare parts consumed	Nil	-	Nil	-
18. Earning in Foreign Currency	Nil	-	Nil	-

19. Previous year figures have been recast/restated.

Notes 1 to 25 and Annexure – I containing Accounting Policies and General Notes form part of the Financial Statements.

As per our report of even date attached.

FOR K.K. Jain & Co  
Chartered Accountants  
[FRNo. 02465N]U. K. Modi  
(Chairman & Director)  
[DIN 00002757]Jayesh Modi  
(Director)  
[DIN 02849637]R. K. Agarwal  
(Director)  
[DIN 00298252]Simmi Jain  
(Partner)  
Membership no. 086496J.C.Chawla  
Director  
[DIN 05316202]A. K. Sinha  
(Chief Financial Officer)  
[PAN GMAPS2353L]Himani Mittal  
Company Secretary  
[M.N.A37715]Place : New Delhi  
Date : 28<sup>th</sup> July, 2020

