

39th ANNUAL REPORT
2020-2021

BSIL

BIHAR SPONGE IRON LIMITED

Board of Directors

Mr. Umesh Kumar Modi Chairman & President
Mrs. Kumkum Modi
Mr. Abhishek Modi
Mr. Jayesh Modi
Mr. Vijay Kumar Modi
Mr. Anirudh Kumar Modi
Mr. Jagdish Chander Chawla
Mr. Brajeshwar Dayal Garg
Dr. Shyam Babu Vyas
Dr. Rohit Garg
Mr. Shiv Shankar Aggarwal

Senior General Manager

Mr. Raj Kumar Sharma

Cheif Financial Officer

Mr. Anil Kumar Sinha

Company Secretary

CS Himani Mittal

Statutory Auditors

M/s k.k. Jain & Co.
[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. Vijay Kumar Modi Chairman
Mr. Anirudh Kumar Modi
Mr. Jagdish Chander Chawla
Dr. Shyam Babu Vyas

Registered Office & Plant site

Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan-832401, Jharkhand
e-mail: companysecretary@bsil.org.in / Web: www.bsil.org.in
CIN - L27106JH198PLC001633

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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**Shri Umesh Kumar Modi, Chairman and President
Bihar Sponge Iron Limited**

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 39th Annual Report of the Company along with audited accounts for the year ended 31st March, 2021.

(Rs. Lacs)

Financial Parameters	2020-21	2019-20
Sales (Net of GST)	2208.71	-
Other Income	220.94	586.51
Profit / (Loss) before Interest, Depreciation & Exceptional Items	750.89	246.18
Interest & Finance Charges	24.76	0.96
Depreciation	292.46	329.24
Profit/(Loss) for the year before Exceptional Items	433.67	(84.02)
Exceptional Items -Net income / (Expenditure)	(37.53)	1.42
Provision for Tax	-	-
Profit/(Loss) for the year carried to Balance Sheet	396.14	(82.60)

OUTLOOK

India is the largest producer of sponge iron globally, and accounts for 30% of the world production. According to National Steel Policy, 2017, the aim is to increase the DRI production from 37.14 million tons to 80 million tons by 2030-31. India has huge untapped potential for the growth in the sponge iron industry, as it has still one of the lowest steel consumptions per capita (74.3 Kg.).

The industry's prospects are looking bright, prices of HRC are currently at an all-time high of INR 66,000 per tonne as of May'21, vs INR 37,000 per tonne as of May'20. Additionally, demand of Sponge Iron has been very strong after extended lockdowns with steel demand expected to rebound by 19.8% to exceed 2019 level in 2021.

OPERATIONS

The Company was constrained to shut its Plant and Operations since 9th 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 online auction from various Coal Companies was of lower grades and was also available at high price, therefore, it was not economically viable for the company to operate with the costlier coal.

In the month of August, 2020, the Company was approached by Mr. Manoj Kumar Agarwal on behalf of Vanraj Steels Private Limited to enter into an arrangement with them thereby, permitting Vanraj Steels Private Limited to utilize the Sponge Iron Plant to undertake and operate the business of manufacturing and selling sponge iron as well as utilize the Railway Siding. The aforesaid proposal was discussed by the Promoters at length and only with a view to earn some revenue, the Company entered into a Facility User Agreement dated 30.12.2020 with Vanraj Steels Private Limited, Mr. Manoj Kumar Agarwal and Parasnath Advisory Private Limited.

The Company had undertaken overhauling and renovation work of the plant and the same is in full swing. The overhauling work is likely to be completed by 31st August, 2021 pursuant to which the plant will be permitted to be utilized by Vanraj Steels Private Limited as is agreed under the Agreement dated 30.12.2020.

With the restart of the plant, the management is quite hopeful that the Company shall gradually start earning surplus and the losses incurred by the Company in the past will get wiped out in due course and thereafter, the Company will be able to operate profitably in normal course of its business.

The financial statements, as such have been prepared on a going concern basis on the strength of management's plan of revival including restructuring of liabilities, operation of the plant through a third party ensuring generation of revenue.

5 MW POWER PLANTS / STEEL PLANT

The Company from the existing power plant generates 5 MW of 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 had entered into an agreement

with G S Pharbutor Pvt. Ltd. (GSP) to install a 5 MW Power Plant. Whenever the existing power plant goes under regular maintenance, the Company had to generate power from its DG Set, which is highly uneconomical. During such time the Company will now take the power from GSP and for the rest of the period, GSP will consume the power or sell it to Jharkhand State Electricity Board. 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 as well.

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 continuous losses incurred by the Company in the past, no dividend has been proposed for the financial year ended 31st March, 2021.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2021 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 31st March, 2021.

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, Smt. KumKum Modi (DIN: 00522904) retires by rotation at forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

Sh. Rajeev Kumar Agarwal was re-appointed as an Independent Director for a second term of five consecutive years in the Annual General Meeting held on 23rd September, 2020.

Mr. Raj Kumar Sharma was appointed as Manager designated as "Senior General Manager" w.e.f. 28th July, 2020 for one year and re-appointed again for one year w.e.f. 28th July, 2021.

Mr. Anirudh Kumar Modi regularized as Director on 23rd September, 2020.

Mr. Rajeev Kumar Agarwal passed away on 05th December, 2020.

Mr. Madan Lal, Independent Director resigned on 15th January, 2021 due to his personal reasons.

Mr. Vijay Kumar Modi appointed as an Additional Independent Director on 28th December, 2020 subject to the approval of the shareholders in the ensuing Annual General Meeting.

Re-appointment of Mr. Rohit Garg for second term of five consecutive years w.e.f. 14th November, 2021 to 13th November, 2026 subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 relevant provisions of Section 203 of the Act, the Company has the following KMPs:

S.No	Name	Designation
1.	Mr. Raj Kumar Sharma*	Senior- General Manager
2.	Mr. Anil Kumar Sinha	Chief Financial Officer
3.	Ms. Himani Mittal**	Company Secretary & Compliance Officer

* Mr. Raj Kumar Sharma is re-appointed for a term of one year w.e.f. 28th July, 2021 as Manager designated as “Senior General Manager”.

** Ms. Himani Mittal resigned from the post of Company Secretary & Compliance Officer w.e.f. the close of business hours dated 31st July, 2021 and in her place, the Board has appointed Mr. Vimal Prasad Gupta as Company Secretary & Compliance Officer of the Company w.e.f. 1st August, 2021.

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 the 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 2020-21, four(4) 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:

- that in the preparation of the annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departures;
- 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;
- 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;

- that the directors had prepared the annual accounts on a going concern basis; and
- 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.
- 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 was appointed in 35th Annual General Meeting of the Company till the conclusion of 40th 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:

- Rs. 3,64,771 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.
- 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. The Company is hopeful that it would get an order in its favour in the said proceedings.
- Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2021 has not been taken into account as the Company will approach the lenders for the waiver of the interest on unsecured loan.
- Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 amounting to Rs. 4,83,309 thousand from 10.08.2013 to 31.03.2021 has not been provided as the Company will make a representation to the concerned Government Authority for waiver upon re-start of the Company's operations.

Further due to shut down of the plant and suspension of operation from 9th August, 2013, various dues could not be paid on the due date. Necessary steps are being taken to re-start the Company and payment of such dues shall be made after re-start of operations 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. Soniya Gupta & Associates, Company Secretaries (PCS Registration No. 8136) were appointed as the Secretarial Auditor of the Company in relation to the financial year 2020-21, in terms of Section 204 of the Companies Act, 2013.

The Secretarial Audit Report for financial year 2020-21 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 date. Necessary steps are being taken to re-start the Company and payment of all such dues shall be made after re-start of operations 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 2020-21.

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.

With respect to the Auditors opinion on above, it is clarified that Central Coalfields Ltd. had 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 company was constrained to suspend its operations w.e.f. 9th August 2013.

Since the suspension of the operations, there has been continuous labour unrest, entry in factory premises was restricted due to which physical verification of inventories of Raw-Materials and Stores & Spare Parts and Fixed Assets could not be carried out.

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.

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.bsilorg.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 financial year were done in the ordinary course of business and at Arm's Length. The Audit Committee granted omnibus approval for the said related party 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 and the same are within the limits approved by the Shareholders of the Company. Furthermore, suitable disclosures as are 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 13th 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.bsilorg.in.

EXTRACT OF THE ANNUAL RETURN

The details of the extract of the Annual Return as per the provisions of Section 92 of Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is available on the website of the Company at www.bsilorg.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 31st March, 2021 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 2021-22 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.

DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During FY 2020-21, no complaint was received from any employee and hence no complaint is outstanding as on March 31, 2021 for redressal.

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
of Bihar Sponge Iron Limited

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

Place : New Delhi
Date: 20.07.2021

SECRETARIAL AUDIT REPORT OF BIHAR SPONGE IRON LIMITED

(For the year ended on 31.03.2021)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Bihar Sponge Iron Ltd.
Umesh Nagar, Chandil
Distt Saraikela - 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, 2021, 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, 2021 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 and Exchange Board of India (**Listing Obligations and Disclosure Requirements**) **Regulations, 2015** 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 was 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.*

However, as per the Management representation, the company has entered into a Facility User Agreement with a third party which has become operative in the third quarter of 2021 and has also got its Factory licence renewed. Application for obtaining No objection certificate from pollution control board is under process.
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.*
3. *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.2.08 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 2021. 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.*
4. *The shareholding of promoters and group of promoters which needs to be 100% in demat form is dematerialized only to the extent of 56.27% share as on 31.03.2021. The Company has intimated the promoters to get the shares dematerialised, the same is in process. 32500300 shares held in the name of Moderate Leasing and Capital Services Limited are pledged.*
5. *In accordance with the Note 12 (a) of Audited Financial Statement for the year ended on 31.03.2021, No provisions have 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.*
6. *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 Financial Statements for the year ending 31.03.2021. 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.*
7. *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 Soniya Gupta & Associates

Sd/-
(Soniya Gupta)
Proprietor
M. NO. 7493
CP NO. 8136

Place : New Delhi
Date : 20.07.2021
UDIN: F007493C000662147

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/ transaction	Salient terms of the contracts/ arrangements/ transaction 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/transaction	Salient terms of the contracts/ arrangements/transaction 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. Anirudh Kumar Modi are common directors.	01-04-2020 to 31-03-2021	Rent received at arm's length basis of Rs. 21.33 Lacs.	Transactions for each of the four quarters were approved by the Board in their meeting held on 28th July, 2020; 14th September, 2020, 10th November, 2020, 11th February, 2021.	NIL
2.	G S Pharmbutor Pvt. Ltd.	G S Pharmbutors Pvt. Ltd. holds more than 20 % of shares in Moderate Leasing and Capital Services Limited which is a promoter group company and holds 49 .10 % shares of the Company. Mr. Vijay Kumar Modi is a common director.	01-04-2020 to 31-03-2021	Facility user charges, recovered of Rs. 147.5 Lacs. Sales of trading goods is Rs.2606.12 lacs ,Interest paid on Loan Repayment of Rs. 264.75 Lacs and Repair & Maintenance of Plant & Machinery of Rs. 776.44 Lacs.		NIL
3.	Modi Motors Pvt. Ltd.	Mrs. Kumkum Modi is a common director and Mr. U. K. Modi, Mr. Abhishek Modi and Mr. Jayesh Modi as relative of director.	01-04-2020 to 31-03-2021	Printing of Annual Report at arm's length basis of Rs. 0.58 Lacs.		NIL
4.	Modiline Travel Service Pvt. Ltd.	Mrs. Kumkum Modi and Mr. Abhishek Modi as common director and Mr. U. K. Modi and Mr. Jayesh Modi as relatives of directors.	01-04-2020 to 31-03-2021	Support Services at arm's length basis of Rs. 0.99 Lacs		NIL
5.	Jayesh Tradex Pvt. Ltd.	Mrs. Kumkum Modi and Mr. Jayesh Modi as common director and Mr. U.K. Modi, Mr. Abhishek Modi as relative of directors.	01-04-2020 to 31-03-2021	Purchase of trading goods of Rs. 1447.87 Stationery of Rs. 0.15 Lacs.		NIL
6.	A to Z Holding Pvt Ltd	Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi are common directors.	01-04-2020 to 31-03-2021	Loan Repayment of Rs. 284.00 Lac and Interest on Loan is Rs.3.87 Lacs.		NIL
7.	Longwell Holding Pvt Ltd	Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi are common directors.	01-04-2020 to 31-03-2021	Loan Repayment of Rs. 199.00 Lac and payment of Interest on Loan is Rs.28.24Lacs		NIL

For & on behalf of the Board
of Bihar Sponge Iron Limited

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

Place : New Delhi
Date: 20.07.2021

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 2020-21.:

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 2020-21	% increase in remuneration
Mr. Raj Kumar Sharma(w.e.f 28.07.2020)	Senior General-Manager	9.61 Lacs	Nil
Mr. A.K. Sinha	Chief Financial Officer	5.52 Lacs	Nil
Ms. Himani Mittal	Company Secretary	5.14 Lacs	Nil

- (c) The percentage increase in the Median Remuneration of Employees. **

- (d) The number of Permanent Employees on the Rolls of Company as on 31st March, 2021. **

- (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 shut and the operations stood 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
of Bihar Sponge Iron Limited

Sd/-
U.K. MODI

CHAIRMAN & PRESIDENT
DIN:00002757

Place : New Delhi
Date : 20.07.2021

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 (2020-21)	Previous Year (2019-20)
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
A) PURCHASED		
Unit	Nil	Nil
Amount(Rs.)	Nil	Nil
Rate/Unit (Rs.)	Nil	Nil
B) OWN GENERATION		
1. Through Diesel Generator		
Unit	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. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)		
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.

- Efforts in brief made towards technology absorption, adaptation & innovation:
— Technology transfer is complete.
- Benefits derived as a result of above efforts: The Company achieves the metallization acceptable to the user industry. Sponge Iron produced by the Company has helped the country in saving outgo of scarce foreign exchange resources by way of import substitution.

TECHNOLOGY IMPORTED

- Lurgi SL/RN process for the direct reduction of Iron Ore in a rotary kiln.
- Year of import :1986-89 (plant construction period)
- Has the technology been fully absorbed? Yes
- If not fully absorbed, areas where this has not been taken place, reasons thereof, and future plans of action N.A

FOREIGN EXCHANGE EARNINGS & OUTGO: (Rs. Lacs)

	(2020-21)	(2019-20)
1. EARNING	-	-
2. EXPENDITURE	-	-
Import on CIF Basis Stores & Spares	-	-

For & on behalf of the Board
of Bihar Sponge Iron Limited

Sd/-

U.K. MODI
CHAIRMAN & PRESIDENT
DIN:00002757

Place : New Delhi
Date : 20.07.2021

ANNEXURE -E**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 reduce significantly.

In view of the closure of the operations of the Company for some time and with a view to earn some revenue, the Company has, after considering and evaluating various possibilities and viability, entered into the activity of trading of plastic packaging materials.

However, of late the iron ore market has started looking viable. Resultantly, some parties have evinced interest in using the facilities of the Company and operating the plant.

In the month of August, 2020, the Company was approached by Mr. Manoj Kumar Agarwal on behalf of Vanraj Steels Private Limited to enter into an arrangement with them thereby, permitting Vanraj Steels Private Limited to utilize the Sponge Iron Plant to undertake and operate the business of manufacturing and selling sponge iron as well as utilize the Railway Siding. The aforesaid proposal was discussed by the Promoters at length and only with a view to earn some revenue, the Company entered into a Facility User Agreement dated 30.12.2020 with Vanraj Steels Private Limited, Mr. Manoj Kumar Agarwal and Parasnath Advisory Private Limited.

The Company had undertaken overhauling and renovation work of the plant and the same is in full swing. The overhauling work is likely to be completed by 31st August, 2021 pursuant to which the plant will be permitted to be utilized by Vanraj Steels Private Limited as is agreed under the Agreement dated 30.12.2020.

With the restart of the plant by them, the management believes that the company shall gradually start earning surplus and losses incurred in the past will get wiped out in due course and thereafter, the company will be able to operate profitably in normal course of its business.

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

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 the Ld. BIFR, however, before the scheme could be fully implemented, the Sick Industrial Company (Special Provisions) Act 1994 as well as the proceedings pending before the Ld. BIFR/AAIFR stood abated with effect from 01.12.2016 as a result thereof, 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 the 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 upon re-start of Company's operations.

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, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. In line with the international trend, planning and conducting the business 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 Internal 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 shut since 9th August, 2013 as a result of non-supply of coal by Central Coalfields Limited. The past losses have been due to non-operation of the plant as a result of non-availability coal. During the period under review, the Company has earned profit.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company, at the year ended 31st March, 2021 had approximately 271 employees.

9. CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are forward looking statements within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied. Further various 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
of Bihar Sponge Iron Limited**

**Sd/-
U.K. MODI**

**CHAIRMAN & PRESIDENT
DIN:00002757**

**Place : New Delhi
Date : 20.07.2021**