

**40<sup>th</sup> ANNUAL REPORT**  
**2021-2022**

**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. Aditya Kumar Modi  
Mr. Anirudh Kumar Modi  
Mr. Jagdish Chander Chawla  
Mr. Shiv Shankar Aggarwal  
Mrs. Asha Agarwal

**Chief Financial Officer**

Mr. Sachin

**Company Secretary**

CS Vimal Prasad Gupta

**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. Aditya Kumar Modi  
Mr. Anirudh Kumar Modi  
Mr. Jagdish Chander Chawla

**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. Email - beetalrta@gmail.com

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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 40th Annual Report of the Company along with audited accounts for the year ended 31st March, 2022.

(Rs. Lacs)

Financial Parameters	2021-22	2020-21
Sales (Net of GST)	8640.00	2208.71
Other Income	818.02	220.94
Profit / (Loss) before Interest, Depreciation & Exceptional Items	515.13	750.89
Interest & Finance Charges	3.29	24.76
Depreciation	298.75	292.46
Profit/(Loss) for the year before Exceptional Items	817.17	433.67
Exceptional Items -Net income / (Expenditure)	9.52	(37.53)
Provision for Tax	-	-
Profit/(Loss) for the year carried to Balance Sheet	826.69	396.14

### OUTLOOK

India is the world's second-largest producer of crude steel. Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route. The Government's National Steel Policy 2017 aims to increase the per capita steel consumption to 160 kgs by 2030-31.

In FY 2022-23, demand for steel is expected to increase by 17% to 110 million tonnes, driven by rising construction activities. Steel companies are looking to restart expansion projects on the back of burgeoning steel processes.

Sponge Iron is the basic raw material for Steel manufacturer so it is growing up parallel with steel demand. 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 73,000 per tonne as of May'22, vs INR 66,000 per tonne as of May'21. Additionally, demand of Sponge Iron has been very strong after extended lockdowns with steel demand.

### 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.

As reported last year, with a view to earn some revenue, the Company had entered into a Facility User Agreement dated 30.12.2020 with Vanraj Steels Private Limited, Mr. Manoj Kumar Agarwal and Parasnath Advisory Private Limited.

After complete overhauling and renovation work of the plant as well as the railway siding, the possession of the same has been handed over to M/s. Vanraj Steels Private Limited on 12th January, 2022. With the handing over of the plant, the Company has started receiving the operating income.

M/s. Vanraj Steels Private Limited (Vanraj) have operated the plant and did manufacturing activities from 12.01.2022 (date of handover) till 04.02.2022. Subsequently, Vanraj approached the Company to purchase the main raw material i.e., Coal, Dolomite, Iron Ore etc. and give it to them for conversion and Vanraj will give back the produce to the Company (BSIL). BSIL will sell the produce to Vanraj at mutually agreed price w.e.f. 05.02.2022.

Now the plant is in operation, and with the restart of the plant, the management believes that the company shall gradually start earning surplus and losses incurred in past will get wiped out in due course and thereafter the company will be able to operate 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 Pharmbutor Pvt. Ltd. (GSP) to install a 5 MW Power Plant. Whenever the four 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.

### 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.

Now Company has also formed a Corporate Social Responsibility Committee to look into these matter and to contribute towards the well-being of workers/employee/ nearby residents etc.

### DIVIDEND

In view of the losses incurred by the Company in the past, no dividend has been proposed for the financial year ended 31st March, 2022.

### SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2022 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, 2022.

### 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 and Key Managerial Personnel:

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. Abhishek Modi (DIN: 00002798) retires by rotation at forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Aditya Kumar Modi was appointed as Whole Time Director, designated as Director – Operations w.e.f. 16th November, 2021 for three years subject to the approval of the shareholders in the ensuing Annual General Meeting.

The designation of Mr. Anirudh Kumar Modi was changed to Independent Director w.e.f. 16th November, 2021 and appointed for first term of five years subject to the

approval of the shareholders in the ensuing Annual General Meeting.

Dr. Rohit Garg has resigned as Non-Executive Independent Director from the directorship of the Company due to his personal reason w.e.f. 20th December, 2021.

Mr. Brajeshwar Dayal Garg, Non-Executive Independent Directors of the Company has ceased/vacated his office w.e.f. 14th September, 2021, pursuant to the provision of section 167 (1) (b) of the Companies Act, 2013.

Mr. Shyam Babu Vyas, Non-Executive Independent Directors of the Company has ceased/vacated his office w.e.f. 20th July, 2022, pursuant to the provision of section 167 (1) (b) of the Companies Act, 2013.

Ms. Asha Agarwal was appointed as an Additional Non-Executive Independent Director of the Company w.e.f. 21st December, 2021 for first term of five years subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Raj Kumar Sharma was re-appointed for a term of one year w.e.f. 28th July, 2021 as Manager designated as "Senior General Manager" and he has completed his one year term on 27th July, 2022.

Mr. Anil Kumar Sinha, Chief Financial Officer of the Company resigned w.e.f. 25th January, 2022 and in his place, the Board has appointed Mr. Sachin as Chief Financial Officer of the Company w.e.f. 1st February, 2022.

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.

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. Aditya Kumar Modi*	Whole Time Director (Designated as Director – Operations)
2.	Mr. Raj Kumar Sharma**	Senior- General Manager
3.	Mr. Anil Kumar Sinha#	Chief Financial Officer
4.	Mr. Sachin#	Chief Financial Officer
5.	Ms. Himani Mittal##	Company Secretary & Compliance Officer
6.	Mr. Vimal Prasad Gupta##	Company Secretary & Compliance Officer

\* Mr. Aditya Kumar Modi is appointed as Whole Time Director, designated as Director – Operations w.e.f. 16th November, 2021 for three years.

\*\* Mr. Raj Kumar Sharma was appointed for a term of one year w.e.f. 28th July, 2021 as Manager designated as "Senior General Manager" and he has completed his one year term on 27th July, 2022.

# Mr. Anil Kumar Sinha, Chief Financial Officer of the Company resigned w.e.f. 25th January, 2022 and in his place, the Board has appointed Mr. Sachin as Chief Financial Officer of the Company w.e.f. 1st February, 2022.

## 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 2021-22, five (5) 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 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. The Board has recommended their re-appointment for second term of five years.

##### 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. 3,66,932 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.

- c. Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2022 has not been taken into account as the Company will approach 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. 5,69,943 thousand from 10.08.2013 to 31.03.2022 has not been provided and is subject to representation for waiver.

#### INTERNAL AUDITORS

M/s. Sarat Jain & Associates, Chartered Accountants (Firm Registration No.014793C), Noida, conducted Internal Audit periodically and submitted their reports to Audit Committee. Their Reports have been reviewed by the Audit Committee.

#### COST AUDITORS

The Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. M.K. Singhal & Co., Cost Accountants (Firm Registration No.00074), as the Cost Auditors to audit the cost accounting records maintained by the Company for the financial year 2022-23 at a remuneration of Rs.1,00,000/- plus taxes as applicable and reimbursement of out-of-pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval of the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

#### SECRETARIAL AUDITOR

M/s. Soniya Gupta & Associates, Company Secretaries (PCS COP No. 8136) were appointed as the Secretarial Auditor of the Company in relation to the financial year 2021-22, in terms of Section 204 of the Companies Act, 2013.

The Secretarial Audit Report for financial year 2021-22 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.

#### 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 2021-22.

#### 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 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.

Now, an agreement has been reached with a third party to operate the plant for which the plant has been overhauled and made operational.

#### 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.bsil.org.in](http://www.bsil.org.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 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 25th May, 2022, 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 as per the provisions of Section 92 of Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 will be 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 31st March, 2022 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 2022-23 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 2021-22, no complaint was received from any employee and hence no complaint is outstanding as on March 31, 2022 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/-  
Umesh Kumar Modi  
Chairman & President  
DIN:00002757**

**Place : New Delhi  
Date: 06-08-2022**

## SECRETARIAL AUDIT REPORT OF BIHAR SPONGE IRON LIMITED

(For the year ended on 31.03.2022)

[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, 2022, 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, 2022 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 Industrial Relations Act, 1969
  - (c) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (d) The Industrial Dispute Act, 1947
  - (e) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975.
  - (f) The Air (Prevention & Control of Pollution) Act, 1981 read with the Air (Prevention & Control of Pollution) Rules, 1982

- (g) The Contract Labour (Regulation and Abolition) Act, 1970
- (h) The Industrial Employment (Standing Orders) Act, 1946
- (i) Indian Boilers Act, 1923
- (j) The Electricity Act, 2003 and other acts related to power generation.
- (k) The Insolvency and Bankruptcy Code, 2016
- (l) 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, earlier, during the closure period there was restriction in entry to factory premises because of labour unrest.**  
  
*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. Licenses required for operation and management of the factory including No objection certificate from Pollution Control Board has been received and plant started its operation.*
2. **The Company has been irregular in depositing the undisputed statutory dues with the appropriate authorities including Provident fund, income-tax (tax deducted at source and tax collected at source), Sales Tax & any other applicable statutory dues during the year.**
3. **The shareholding of promoters and group of promoters which needs to be 100% in demat form is dematerialized only to the extent of 48.03% share as on 31.03.2022. 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.**
4. **In accordance with the Note 13 (a) of Audited Financial Statement for the year ended on 31.03.2022, 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.**
5. **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 13 (d) of the Audited Financial Statements for the year ending 31.03.2022. 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.**  
  
*Further Interest on above said soft loan has not been provided and is subject to representations for waiver.*  
  
*The company has approached its promoters for one time settlement of their loans. The settlement will be subsequent to and on the line as per settlement arrived at with Government of Jharkhand for soft loans.*
6. **The Company has not confirmed in its Board Report that it has constituted any separate 'Internal Complaints Committee' under the Sexual Ha-rassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]. However, Company has informed us that there is no female employee (worker) on the Company's role as on 31-03-2022 and taken note in its Board Report 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**  
**Company Secretaries**

Sd/-

(Soniya Gupta)

Proprietor

M. NO. 7493

CP NO. 8136

Place : New Delhi

Date : 06.08.2022

UDIN: F007493D000743547

{This report is to be read with our letter of even date which is annexed as Annexure "A" and form an integral part of this report.}

## Annexure "A"

To,  
The Members  
Bihar Sponge Iron Ltd.  
Umesh Nagar, Chandil,  
Distt. Saraikela – Kharsawan, Jharkhand.

Our report of even date is to be read alongwith this letter.

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 not verified 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. 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 Soniya Gupta & Associates**  
**Company Secretaries**

Sd/-

(Soniya Gupta)

Proprietor

M. NO. 7493

CP NO. 8136

Place : New Delhi

Date : 06.08.2022

UDIN: F007493D000743547

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
M/s. Bihar Sponge Iron Limited  
Umesh Nagar, Chandil,  
Distt. Saraikela- Kharsawan, Jharkhand- 832401.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Bihar Sponge Iron Limited having CIN: L27106JH1982PLC001633** and having registered office at Umesh Nagar Chandil, Distt. Saraikela- Kharsawan, Jharkhand- 832401 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility for the appointment /continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Soniya Gupta & Associates  
Company Secretaries

Sd/-  
Soniya Gupta  
M. No. 7493  
COP No. 8136  
UDIN: F007493D000743195

Date: 06/08/2022  
Place: New Delhi