36th ANNUAL REPORT
2017-2018

BSIL
BIHAR SPONGE IRON LIMITED

Board of Directors

Mr. Umesh Kumar Modi	Chairman & Director
Mr. Subbiah Siddharth	Nominee of BSIDC
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	

Cheif Financial Officer
Mr. Anil Kumar Sinha

Company Secretary
CS Shubhangi Varshney

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,

Content

Directors' Report.....1-16

Auditors' Report.....17-22

Balance Sheet.....23

Profit & Loss Account.....24

Cash Flow Statement.....25

Notes to Financial Statments...26-41

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DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 36th Annual Report of the Company along with audited accounts for the year ended 31st March, 2018.

(Rs. Lacs)

Financial Parameters	2017-18	2016-17
Sales (Net of Excise Duty)	-	-
Other Income	704.33	204.15
Profit / (Loss) before Interest, Depreciation & Exceptional Items	402.04	(67.03)
Interest & Finance Charges	39.27	14.97
Depreciation	431.11	434.55
Loss for the year before Exceptional Items	68.34	516.55
Exceptional Items (Net income / (expenditure))	56.07	139.96
Provision for Tax	-	-
Loss for the year carried to Balance Sheet	12.27	376.59

OPERATIONS

The Plant is under shut 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. As per policy of Government of India, no new fuel supply agreements were being entered into with Sponge Iron manufacturers. No alternative arrangement of coal could be made by the Company. The Coal available through online 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.

Currently the steel market is reviving but the same is not yet stable. The Management expects that the recession phase of the steel market will be over, soon. Some of the sponge iron manufacturing units have started using imported coal for higher productivity. The Company is exploring viability in different combinations and aspects to restart the plant as and when the sponge iron market further improves and the economy in production of sponge iron is visible like optimum combination of using local coal and/or imported coal, whether to operate two small klins with capacity of 100 MT per day each or one big klin with capacity of 500MT per day as well as to restart the plant by the Company or on contract basis, to minimize the overall cost to diversify the business activity in the areas of manufacturing of electrode, wire drawing projects, etc.

In view of the current market development, the Company has entered into a facility user agreement on 1st 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.

IRON ORE MINE

The Company was allotted Ghatkuri Iron Ore Mine in April, 2007 in the State of Jharkhand with 406.40 hectares of land having estimated reserves of 35.65 million tons. However, the Department of Geology, Ministry of Mines, Government of Jharkhand has conducted the survey and assessed the reserve to be about 11.00 Million tons in its report of February, 2012.

The Terms of Reference (ToR) for Ghatkuri Iron Ore Mine expired on 13th May, 2016 and therefore the company made an online application for extension of ToR for one year (i.e. up to 13th May, 2017) on MOEFCC'S Portal.

Ministry of Environment, Forest and Climate Change Impact Assessment Division (MOEFCC) called a meeting on 21-02-2016. The Company has made a representation through MECON to explain the necessity of ToR extension. MOEFCC vide letter dt. 12-04-2016 intimated that the proposal is deferred and be considered after carrying capacity study is completed by Indian Council of Forestry Research and Education (ICFRE).

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 31st March, 2018.

FIXED DEPOSITS

During the year under review, your Company did not accept 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.

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 2017-18.

INTERNAL CONTROL SYSTEM

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.

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Pursuant to Section 178 of the Companies Act, 2013 and part D of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company has approved and adopted the Company's Nomination and Remuneration policy. Members interested may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy. The same is also disclosed on the Company's website www.bsil.org.in. Details of the Committee is provided in the corporate governance report annexed with this report.

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. 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.

Transactions entered by the Company with Related Parties 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.

The materially significant transactions with Related Parties during the financial year 2017-18 are within the limits approved by the Shareholders in 35th 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 policy on Related Party Transactions has been uploaded on the Company's website: www.bsil.org.in. Member may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

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 are disclosed separately in Form No. AOC -2 as **Annexure – D** and forms part of this report.

EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return for 2017-18 in Form No. MGT – 9 is given separately as **Annexure - E,** which form part of the Board's report.

MANAGERIAL REMUNERATION

The particulars of employees are given in **Annexure – F** to this report as required under Section 197 (12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

SECRETARIAL AUDIT

The Board of Directors of the Company have appointed M/s. R Singhal & Associates, Company Secretaries (PCS Registration No. 10699) as the Secretarial Auditor of the Company in relation to the financial year 2017-18, in terms of Section 204 of the Companies Act, 2013. The Secretarial Audit Report for financial year 2017-18 is in **Annexure – G** with this report and is available on the Company's website www.bsil.org.in.

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.

DIRECTORS :

A) 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 and is eligible for re-appointment.

Mr. Satish Kumar Gupta (DIN : 03537417) has been re-appointed as Whole-time Director designated as Director- Works in the Board Meeting held on 18th November, 2017, for a period of 1 year w.e.f. 14th December, 2017, subject to shareholder's approval.

Mr. Jagan Nath Khurana (DIN: 00003817), Independent Director of the Company has resigned w.e.f. 25th April, 2018.

Mr. Shiv Shankar Agarwal (DIN: 00004840), was appointed as an Additional Director on 11th May, 2018 by the Board who shall hold the office of Independent Director for a term of 5 years w.e.f. 11th May, 2018 pursuant to section 149 (10) of the Companies Act, 2013 subject to the shareholders approval in 36th Annual General Meeting of the Company.

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.

B) DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration by all Independent Director(s) that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The declaration received from the independent directors were placed at the meeting of the Board of Directors of the Company held on 11th May, 2018.

C) FORMAL ANNUAL EVALUATION

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 which is attached as '**Annexure- B'** to this Report.

D) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of the Company met for five times, i.e., on 29th May, 2017; 29th July, 2017; 13th September, 2017, 18th November, 2017 and 8th February, 2018 during financial year 2017-18.

E) 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.

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

(f) 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.

AUDIT COMMITTEE

The composition of an Audit Committee is disclosed in the corporate governance report annexed with this report and forms part of it. Further there has not been any instance where the Board had not accepted any recommendation of the Audit Committee.

AUDITORS:

M/s. K. K. Jain and Co., Chartered Accountants (Firm Registration No.002465N), Auditors of the Company was appointed in 35th Annual General Meeting of the Company till the conclusion of 40th Annual General Meeting. The Company has received a letter from them to the effect that their appointment is within the prescribed limits under Section 139 of the Companies Act, 2013 read with rules made thereunder.

ACCOUNTS AND AUDIT:

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 not been recognized as explained below:

a. Rs. 3,08,439 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 31.03.2018 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. 2,60,044 thousands from 10.08.2013 to 31.03.2018 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 9th 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.

SUBSIDIARY COMPANY

As per Section 2(87) of the Companies Act, 2013 the Company does not have any subsidiary in the financial year 2017-2018.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is attached as **Annexure B** to this report. The Auditors' Certificate confirming compliance of conditions of Corporate Governance as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the said Corporate Governance 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 – C** and form part of this report.

LISTING IN STOCK EXCHANGE:

The equity shares of the Company continue to be listed in the Bombay Stock Exchange and listing fee for the Financial Year 2018-19 has been paid.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 134 of the Companies Act, 2013 and rules made there under, a statement giving the required information relating to energy conservation, technology absorption, foreign exchange earnings and outgo is annexed hereto as **Annexure-A** and form part of this report.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to place on record their sincere thanks to all stakeholders, various departments of Central Government, the Government of Bihar and Jharkhand, Financial Institutions and Banks for their valuable assistance. Your Directors equally acknowledge the trust reposed by you in the Company. The Directors also wish to place on record their appreciation for the all round support and co-operation received from the employees at all levels.

For & on behalf of the Board

	S. K. Gupta	**R. K. Agarwal**
Place: New Delhi	**(Director-Works)**	**(Director)**
Date: 11.05.2018	**DIN: 03537417**	**DIN: 00298252**

ANNEXURE A

TO THE DIRECTORS' REPORT STATEMENT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.

CONSERVATION OF ENERGY :

		Current Year (2017-18)	Previous Year (2016-17)
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.

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

TECHNOLOGY IMPORTED

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

FOREIGN EXCHANGE EARNINGS & OUTGO: (Rs. Lacs)

		(2017-18)	(2016-17)
1	EARNING	**—**	**—**
2.	EXPENDITURE	**—**	**—**
	Import on CIF Basis Stores & Spares	**—**	**—**

For & on behalf of the Board

	S. K. Gupta	**R. K. Agarwal**
Place: New Delhi	**(Director-Works)**	**(Director)**
Date: 11.05.2018	**DIN: 03537417**	**DIN: 00298252**

ANNEXURE- B

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

The Company has Non-Executive Chairman and the number of independent directors is not less than half of the total number of directors. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees (as specified in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the companies in which he/she is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of directorships and committee memberships held by them in other companies are given below:

Name of the Directors	Executive/Independent/ Non-Executive	No. of meetings attended(+)	Attendance at previous AGM on 19th September, 17	No. of outside directorships held (*)	No. of membership/ chairmanship in other Board Committee	
					Chairman	Membership
Mr. Umesh K. Modi	Chairman	3	Not Present	5	Nil	Nil
Mrs. Anshuli Arya(**)	Nominee Director	Nil	Not Present	1	Nil	Nil
Mr. Subbiah Siddharth(**)	Nominee Director	Nil	Not Present	5	Nil	Nil
Mrs. Kumkum Modi	Non Executive Director	2	Not Present	2	Nil	Nil
Mr. Abhishek Modi	Non Executive Director	4	Not Present	4	Nil	Nil
Mr. Jayesh Modi	Non Executive Director	4	Not Present	3	Nil	Nil
Mr. S. K. Gupta(***)	Whole-time Director	2	Present	Nil	Nil	Nil
Mr. B. D. Garg	Independent Director	3	Not Present	1	Nil	Nil
Dr. S. B. Vyas	Independent Director	2	Not Present	2	Nil	1
Mr. J. C. Chawla	Independent Director	5	Not Present	3	1	3
Mr. Madan Lal	Independent Director	5	Not Present	3	1	1
Mr. J. N. Khurana(****)	Independent Director	5	Not Present	3	Nil	2
Mr. R. K. Agarwal	Independent Director	5	Present	7	3	1
Dr. Rohit Garg(*****)	Independent Director	1	Not Present	2	Nil	Nil

(+) Attendance at Board Meetings relevant to the period remained as Director of the Company.

(+) Attendance at Board Meetings relevant to the period remained as Director of the Company.

(*) Directorship in companies registered under the Companies Act, 2013, excluding Directorships in Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.

(**) Mr. Subbiah Siddharth was nominated by the Bihar State Industrial Development Corporation Limited w.e.f. 29th July, 2017 in place of Mrs. Anshuli Arya.

(***) Mr. S. K. Gupta, Whole Time Director designated as Director (Works) is re-appointed as Whole Time-Director w.e.f. 14th December, 2017 for a period of 1 year, subject to Shareholders approval in 36th Annual General Meeting.

(****) Resigned from the office Independent Director, w.e.f., 25th April, 2018.

(*****) Dr. Rohit Garg's appointment as Independent Director was regularized, w.e.f., 14th November, 2017, in 35th Annual General Meeting held on 19th September, 2017.

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.

Five Board Meetings were held during the year on 29th May, 2017; 29th July, 2017; 13th September, 2017; 18th November, 2017 and 8th February, 2018.

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 31st March, 2018. The Code is posted on the website of the Company i.e. www.bsil.org.in

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) and has over eight years of experience in the area of administration, business planning and development. He is also Director in certain other manufacturing, public listed companies.

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 8th February, 2018 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

AUDIT COMMITTEE

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 29th May, 2017; 29th July, 2017, 13th September, 2017; 18th November, 2017 and 8th February, 2018. Composition and attendance at meetings during the year are given below:

Director	Designation	Category	No. of meetings attended
Mr. R. K. Agarwal	Chairman	Independent Director	5
Dr. S. B. Vyas	Member	Independent Director	2
Mr. J. C. Chawla	Member	Independent Director	5
Mr. Madan Lal	Member	Independent Director	5

The terms of reference of the Audit Committee are in conformity with the Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The functions of the Audit Committee broadly cover the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company, including review and monitor the auditor's independence, performance and effectiveness of audit process.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any related party transactions.
   g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall also mandatorily review the following:

a) Management discussion and analysis of financial condition and results of operations;
b) Statement of significant related party transactions (as defined by the audit committee) submitted by management;
c) Management letters/letters of internal control weakness issued by the statutory auditors;
d) Internal audit report relating to internal control weakness;
e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.
f) Statement of deviations:
   (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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..

The Stakeholder Relationship Committee has following independent directors (Non-Executive Directors):

i) Mr. R. K. Agarwal-Chairman ii) Mr. J. C. Chawla

iii) Dr. S. B. Vyas iv) Mr. B. D. Garg

v) Mr. Madan Lal

and the Company Secretary of the Company acts as a Secretary to the Committee.

During the year under review, the Committee met four times on 29th May, 2017; 13th September, 2017; 18th November, 2017 and 8th February, 2018.

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

	Number of complaints received					
	Direct to the Company or through RTA	**Stock Exchanges**	**SCORES**	**SEBI**	**Ministry of Company Affairs**	**Number of total complaints (Share Transfers/ Annual Reports etc.)**
(2017-2018)						
Received	14	Nil	Nil	Nil	Nil	14
Replied	14	Nil	Nil	Nil	Nil	14
Pending	Nil	Nil	Nil	Nil	Nil	Nil

COMPLIANCE OFFICER:

Ms. Shubhangi Varshney, Company Secretary is the Compliance Officer of the Company.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been duly constituted pursuant to Section 178 (1) of the Companies Act, 2013 and relevant provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Three Nomination and Remuneration Committee meetings were held during the year on 29th May, 2017, 29th July, 2017 and 18th November, 2017.

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

Director	Designation	Category	No. of meetings attended
Mr. R. K. Agarwal	Chairman	Independent Director	3
Dr. S. B. Vyas	Member	Independent Director	1
Mr. J. C. Chawla	Member	Independent Director	3
Mr. Madan Lal	Member	Independent Director	3
Mr. B.D. Garg	Member	Independent Director	2

The Company Secretary acts as a Secretary to the Committee.

The terms of appointment and remuneration of the directors are reviewed by the Nomination and Remuneration Committee keeping in view the performance, industry practice, present compensation package, etc. and then recommends the same for the approval of the Board of Directors and the shareholders, wherever required. Committee has also approved a policy on Nomination & Remuneration of Directors, Key Managerial Personnel and Senior Managerial Personnel which has been placed on the website of the company: 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 paid to the Directors during the year ended 31st March, 2018 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	--	--	9,000	9,000
2	Mr. R. K. Agarwal	--	--	18,000	18,000
3	Dr. S. B. Vyas	--	--	7,000	7,000
4	Mr. J. C. Chawla	--	--	35,000	35,000
5	Mr. J. N. Khurana	--	--	6,000	6,000
6.	Mr. Madan Lal	--	--	35,000	35,000
7.	Dr. Rohit Garg	--	--	1,000	1,000

*Mr. S. K. Gupta has waived off his remuneration w.e.f. 1st April, 2017 to 31th March, 2018

ANNUAL GENERAL MEETING

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

Year	Date	Venue	Time	Special Resolution Passed (Yes / No)
2017	19.09.2017	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	02.00 P.M.	Yes
2016	15.09.2016	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	03.00 P.M.	No
2015	19.08.2015	Company Guest House, Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	11.00 A.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

Half Yearly Report to Each Household of Shareholders:

The Company has not yet started sending the half yearly report to each household of shareholders but if any shareholder seeks any information, then the same is provided by the Company.

Quarterly Results:

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.

CEO/CFO CERTIFICATION

In terms of Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Director-Works and the CFO of the Company have given compliance certificate stating therein matters prescribed under Part B of Schedule II of the said regulations.

In terms of Regulation 33 (2) (a) of the said regulations, the Director-Works and the CFO certified the quarterly financial results while placing the financial results before the Board.

GENERAL SHAREHOLDER INFORMATION

36th Annual General Meeting is scheduled to be held on Thursday, 20th day of September, 2018 at 2:30 P.M. at the Company's Guest House, Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan – 832401, Jharkhand as per notice.

Financial Calendar for taking on record financial results for next financial year ending 31st March, 2019.

Particulars	Date
For First Quarter UFR ended 30.06.2018:	By 14th August, 2018
For Second Quarter UFR ended 30.09.2018:	By 14th November, 2018
For Third Quarter UFR ended 31.12.2018:	By 14th February, 2019
For Audited Financial results for the year ended 31.03.2019:	By 30th May, 2019

Book Closure

Friday the 14th September, 2018 to Thursday the 20th September 2018 (both days inclusive).

Dividend payment date

In view of losses incurred by the Company, no dividend has been recommended by the Board of Directors for the year ended 31st March, 2018.

LISTING ON STOCK EXCHANGES

Your Company is listed at Bombay Stock Exchange Limited (BSE) the address of which is given below:

Stock Exchange	Stock Code
BSE Limited, Phiroz Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	500058

On 21st March, 1998, the Company after complying with the conditions of Circular No. 6/9/SE/78 dated 28th June, 1979 issued by Ministry of Finance, Department of Economic Affairs, Stock Exchange Division, applied to Ahmedabad, Calcutta, Delhi and Madras Stock Exchanges for de-listing of Equity Shares. The Company has received the letter of confirmation of de-listing from Madras Stock Exchange Association Limited only, matter is pending with others stock exchanges. The Company vide its letter dated 25th September, 2007 applied for voluntary de-listing of Shares from Magadh Stock Exchange, the matter is pending with the Exchange.

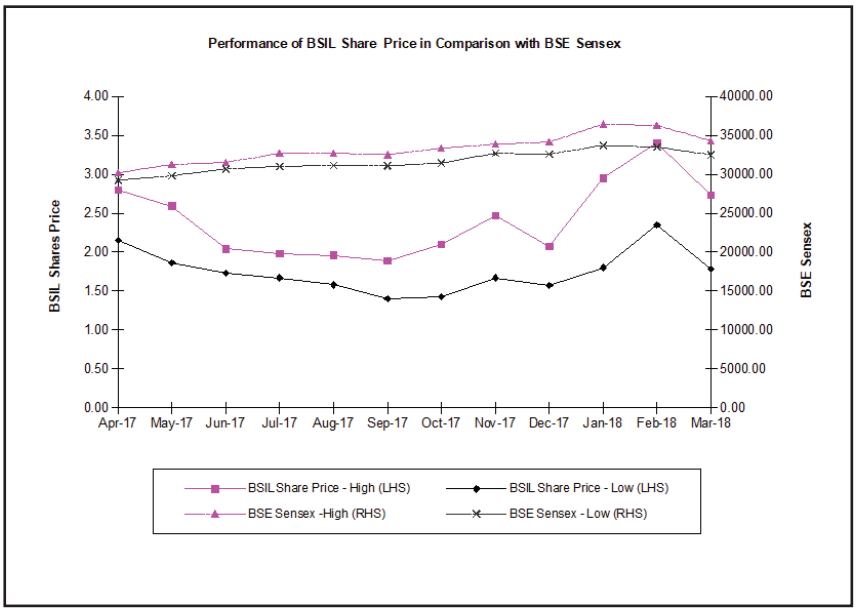
The Company has paid listing fee for the financial year 2018-2019 to BSE Limited only.

Market Price Data

High/Low of market price of the Company's shares traded on BSE during the financial year 2017-2018 is furnished below:

Month	High Price	Low Price	No. of Shares
Apr 17	2.80	2.15	2,42,429
May 17	2.59	1.86	2,07,580
Jun 17	2.04	1.73	1,45,007
Jul 17	1.98	1.67	1,29,612
Aug 17	1.96	1.58	1,82,801
Sep 17	1.89	1.40	3,05,671
Oct 17	2.10	1.43	1,87,045
Nov 17	2.47	1.67	4,84,951
Dec 17	2.07	1.57	3,54,888
Jan 18	2.95	1.80	7,28,736
Feb 18	3.40	2.35	4,12,562
Mar 18	2.73	1.78	88,896

Performance in comparison to broad based indices



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
Share Transfer System

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

Distribution of Shareholding as on 31st March, 2018:

No. of Shares	No. of Shareholders	No. of Shares	% age to total shares
Up to 5000	50,699	75,69,001	8.40
5001 to 10000	2,824	22,79,227	2.53
10001 to 20000	1,148	17,61,664	1.95
20001 to 30000	336	8,60,533	0.95
30001 to 40000	165	6,00,912	0.67
40001 to 50000	188	9,05,268	1.00
50001 to 100000	265	20,09,983	2.22
100001 and above	256	7,42,18,815	82.28
Total	55,881	9,02,05,403	100.00

Shareholding Pattern as on 31st March, 2018:

	Particulars	No. of Shares Held	% age to 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 / State Government	1,18,020	00.13
4.	Foreign Financial Investors	4,82,210	00.53
5.	Private Corporate Bodies	26,09,026	02.89
6.	Indian Public	2,26,83,950	25.15
7.	NRI	7,90,852	00.88
8.	Any Other (Clearing Members, Foreign Bodies, Trusts & Individual HUF)	6,70,046	00.74
	Total	9,02,05,403	100.00