

**FORM B**

1.	Name of the company	BIHAR SPONGE IRON LIMITED.
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2015
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification, draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>i. Non recognition of liability on account of currency fluctuations on foreign currency loan and interest thereon (as required under Accounting Standard – 11, Revised) amounting to Rs. 2,32,381 thousand as provided in the BIFR Scheme dt. 29.07.2004 and also confirmed by AAIFR/ Single Bench of Jharkhand High Court, Ranchi since the company against the order of Single Bench of High court, has filed Letters Patent Appellate Jurisdiction (LPA) before the Divisional Bench of High Court of Jharkhand, Ranchi (refer other note no. 3(II) appearing in Annexure 1).</p> <p>ii. Non recognition penalty of Rs. 21,528 thousands recovered by South Eastern Coal Fields Ltd. On account of short lifting of coal quantity in terms of Fuel Supply Agreement since the matter has been disputed by the Company under writ petition filed before the Hon'ble High Court of Chhattisgarh (refer other note no 5 of Annexure I).</p> <p>iii. No provision has been made in the books of accounts in respect of the undernoted items of expense in view of Shutdown of the Plant &amp; Suspension of operations since 10th August, 2013 as well as other reasons contented by the company:-</p> <p>a. Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2015( amount unascertained) (refer note 10 (a) of Annexure I).</p> <p>b. Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 amounting to Rs. 81,331 thousands from 10.08.2013 to 31.03.2015 which is subject to representation for waiver(refer note 10(b) of Annexure I) and approval thereof by the lender.</p> <p>c. Salaries, Wages, Allowances, Contribution to PF including interest on overdue amount as well as employee benefit expenses w.e.f. 10.08.2013 to 31.03.2015, (amount unascertained) (refer note 10(c) of Annexure I)</p> <p><b>Management Response:</b></p> <p>i. Since the matter is disputed and pending before the Divisional Bench of the Hon'able Jharkhand High Court, recognition of liability on account of currency fluctuations on foreign currency loan and interest thereon has not been recognized as expenses and liability as at 31-03-2015 and the same will be treated as per the decision of the said court. It is explained under Note 3 (a) and under the heading of Long Term Borrowing and Annexure –I, Part –III, Clause 3 (ii), in the Notes to the Financial Statement, which is self explanatory.</p> <p>This qualification is repetitive since F.Y. 2011-12.</p> <p>ii. No provision has been made for penalty recovered by South Eastern Coalfields Limited for Rs. 21,528 thousands in the FY 2011-12 on account short lifting of coal quantity in terms of Fuel Supply Agreement (FSA) since the matter is pending before Hon'ble High Court of Chattisgarh, Bilaspur. It is explained under Annexure –I, Part –III, Clause 5, in the Notes to the Financial Statement, which is self explanatory.</p> <p>This qualification is repetitive since F.Y. 2013-14.</p> <p>iii. In view of the shutdown of the plant &amp; suspension of operations since 10<sup>th</sup> August, 2013, no provision has been made in the books of accounts for the items of expenses mentioned above in the clause III(a) to III(c).</p> <p>This qualification is repetitive since F.Y. 2013-14.</p>

# BIHAR SPONGE IRON LIMITED

CIN - L27106JH1982PLC001633

Registered Office : Umesh Nagar, Chandil, Dist Saraikela-Kharsawan, Jharkhand-832401

Ph.: +91-6591-232410/17, E-mail: companysecretary@bsil.org.in

Web.: <http://www.bsil.org.in>

## NOTICE

NOTICE is hereby given that the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Members of Bihar Sponge Iron Limited will be held at "Company Guest House, Umesh Nagar, Chandil, District- Saraikela-Kharsawan, Jharkhand-832401 on Wednesday the 19<sup>th</sup> day of August, 2015 at 11.00 A.M. (IST) to transact the following businesses:

### ORDINARY BUSINESS:

- To receive, consider and adopt the financial statements, namely, (i) the Audited Balance Sheet as at March 31, 2015, (ii) the statement of Audited Profit & Loss Account for the year ended on that date, (iii) the Cash Flow Statement for the financial year ended on that date, (iv) an Explanatory Note annexed to, or forming part of the documents referred to in (i) to (iii) above and the Reports of the Directors and the Auditors thereon.
- To appoint a director in place of Mrs. Kumkum Modi (DIN- 00522904 )who retires from office by rotation and being eligible, offers herself for re-appointment.
- To consider and if thought fit, to pass with or without modification(s)the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 (Act) and other applicable provisions if any of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force),M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, [Firm Registration No. 000038N], the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 35<sup>th</sup> Annual General Meeting, and to fix their remuneration."

### SPECIAL BUSINESS:

- Approval of appointment of Mr. Jagan Natha Khurana as an Independent Director of the Company**

**To consider and if thought fit to give your assent or dissent to the following Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 149,150,152 and any other applicable provision of the Companies Act, 2013 (Act) and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act Mr. Jagan Nath Khurana (DIN-00003817), an Additional Director of the Company, in respect of whom the Company has received a notice from a member under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 12<sup>th</sup> May, 2015, not being liable to retire by rotation."

- Approval of appointment of Mr. Madan Lal as an Independent Director of the Company**

**To consider and if thought fit to give your assent or dissent to the following Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 149,150,152 and any other applicable provision of the Companies Act, 2013 (Act) and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act Mr. Madan Lal (DIN- 00272672), an Additional Director of the Company, in respect of whom the Company has received a notice from a member under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 14<sup>th</sup> November, 2014, not being liable to retire by rotation."

- Approval of appointment of Mr. Rajeev Kumar Agarwal as an Independent Director of the Company**

**To consider and if thought fit to give your assent or dissent to the following Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 149,150,152 and any other applicable provision of the Companies Act, 2013 (Act) and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act Mr. Rajeev Kumar Agarwal (DIN- 00298252), an Additional Director of the Company, in respect of whom the Company has received a notice from a member under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 12<sup>th</sup> May, 2015, not being liable to retire by rotation."

- Approval of appointment of Mr. Satish Kumar Gupta as Whole-time Director of the Company.**

**To consider and if thought fit to give your assent or dissent to the following Special Resolution:**

"**RESOLVED THAT** in accordance with the provisions of Section 196, 197 and 203 read with Schedule V as amended from time to time and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under and subject to Central Government and such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Satish Kumar Gupta as Whole-time Director, designated as Director-Works of the Company for a period of 3 year with effect from 13th December, 2014 on the terms, conditions and remuneration mentioned herein below:-

- |  |   |
|--|---|
| 1) <b>Basic Salary :</b>   | Rs. 79,800 per month  |
| 2) <b>Perquisites &amp; Allowances:</b>                                  |   |
| a. House Rent :  | Rs.900 per month  |
| b. Conveyance:   | Company's car, with actual petrol not exceeding 2500 per month and repair & maintenance.  |
| c. Driver Allowance :  | Rs. 9000 per month  |
| d. Telephone and Mobile phone :  | As per actual   |
| e. Medical Reimbursement :   | Expenses incurred by him and his family, Maximum 5 % of the basicsalary   |
| f. Leave Travel Allowance :  | One month basic salary per annum  |
| g. Bonus/Ex-gratia :   | One month basic salary per annum  |
| h. Contribution to Provident fund, Superannuation fund or Annuity fund : | As per the rules of the Company which shall not be computed for the ceiling on perquisites to the extent these either singly or put together are not taxable under the IncomeTax Act.   |
| i. Gratuity :  | Gratuity payable shall not exceed half month's salary for each completed year of service.   |
| j. Minimum Remuneration :  | In the event of inadequacy or absence of profit in any financial year during his tenure, Mr. S. K. Gupta will be entitled to remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in terms of Schedule V of the Companies Act, 2013. |

Note: All the perquisites will be inter-changeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisites(s).

- Other Terms:**

- Leave: As per the rules of the Company.
- Reimbursement of entertainment expenses: Mr. S. K. Gupta will be entitled to reimbursement of entertainment and other expenses incurred in the course of legitimate business purpose of the Company."

- Approval for entering into Related Party Transactions by the Company.**

**To consider and if thought fit to give your assent or dissent to the following Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Clause 49 VII of the Listing Agreement, the consent of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum, as mentioned herein below:

Sr. No.	Nature of Transaction	Directors/KMP who is related is related and nature of relation	Related party and Nature of relation	Amount (Rs. Lacs)	
				Receipt	Payment
1	Lease/sub-lease/rent for office and others	Mr. U. K. Modi, Mrs. KumKum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi and Mr. B. D. Garg are common directors.	Modi Hitech India Ltd.	30.00	Nil
		G S Phambutors Pvt. Ltd. holds more than 20 % of shares in Moderate Leasing and Financial Services Limited which is a promoter group company and which holds 49.10 % shares of the Company.	G S Phambutors Pvt. Ltd.	150.00	2.00
2	Purchase of stationaries and Other item	Mr. Jayesh Modi and Mrs. Kumkum Modi as common directors and Mr. U. K. Modi, Mr. Abhishek Modi, as relative of directors.	Jayesh Tradex Pvt.Ltd.	Nil	1.00
		Mr. U. K. Modi and Mrs. Kumkum Modi as common director and Mr. Abhishek Modi, Mr. Jayesh Modi as relative of directors.	Modi Revlon Pvt. Ltd.	Nil	1.00
		Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi And Mr. Jayesh Modi are common directors.	Win Medicare Pvt. Ltd.	Nil	1.50
		Mr. U. K. Modi, Mrs. KumkumModi, Mr. Abhishek Modi, Mr. Jayesh Modi as relative of a director.	MG Mobiles India Pvt. Ltd.	Nil	1.00
3	Printing of Annual Reports	Mrs. Kumkum Modi as common director and Mr. U. K. Modi, Mr. Abhishek Modi and Mr. Jayesh Modi as relative of directors.	Modi Motors Pvt. Ltd	Nil	7.50
4	Support Services	Mrs. Kumkum Modi, Mr. Abhishek Modi as common director and Mr. U. K. Modi, Mr. Jayesh Modi as relative of directors.	Modi Line Travel Services Pvt. Ltd.	Nil	1.20
		Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi and Mr. Jayesh Modi as common director.	SBEC Sugars Ltd.	6.00	Nil
		Mr. U. K. Modi, Mrs. KumKum Modi And Mr. Abhishek Modi are common directors.	Modi-Mundipharma Pvt. Ltd.	1.00	Nil
		Mr. U. K. Modi, Mrs. KumKum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi and Mr. B. D. Garg are common	Modi Hitech India Ltd.	Nil	2.50

**RESOLVED FURTHER THAT** consent of the Company is accorded for ratification of the aforesaid related party transactions already entered into by the Company exceeding the threshold limits as specified in Rule 15 (3) of the Companies ( Meetings of Board and its Powers) Rules, 2014 and which are material in nature in terms of Clause 49 of the Listing Agreement.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things , settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

**BY ORDER OF THE BOARD**

  
[ MANOJ KUMAR ]  
COMPANY SECRETARY

Place : New Delhi  
Dated : 12th May, 2015

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. SUCH PROXIES DULY COMPLETED SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is given below and forms part of the Notice.
- 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 Email : beetalrta@gmail.com is the Registrar and Share Transfer Agent for physical shares of the Company and is also the depository interface of the Company with both NSDL and CDSL. However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at the Registered Office of the Company at Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan, Jharkhand -832401, Ph.: +91-6591-232410/17, e-mail: [companysecretary@bsil.org.in](mailto:companysecretary@bsil.org.in).
- Members are requested to note that the Company's shares are under compulsory demat trading for all the investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
- The Register of Members and Share Transfer Books of the Company will remain

closed from **Thursday, 13<sup>th</sup> August, 2015 to Wednesday, 19<sup>th</sup> August, 2015** (both days inclusive).

- The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 9:30 A.M. to 1:00 P.M. except on holidays.
- Members/Proxies should bring the attendance slips duly filled in and signed for attending the Meeting.
- Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members are advised to avail of the nomination facility by filling Form SH-13 in their own interest. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
- The Register of Directors and Key Managerial Personnel and their shareholding and other statutory records as required under the Companies Act, 2013 will be available for inspection at the meeting.
- Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
- In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended by Companies (Management and Administration) Amendment Rule 2015, pursuant to MCA Circular No. 20/2014 Dated 17<sup>th</sup> June 2014) and Clause 35B of the Listing Agreement (mandatory for all listed companies), the Company is pleased to provide its Members facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL)

**Instructions for members for voting electronically are as under :**

**(I) In case of members receiving e-mail :**

- Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" tab.
- Now, select the Company Name "Bihar Sponge Iron Limited" from the drop down menu and click on "SUBMIT".
- Now Enter your User ID:
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next, enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user, then follow the steps given below :

#### For Members holding shares in Demat Form and Physical Form

PAN\* Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

#### Dividend Bank Details#

Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the relevant EVSN for "Bihar Sponge Iron Limited" on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

— Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.

— They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

— After receiving the login details, they have to create a user who would be able to link the account(s) which they wish to vote on.

— The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

— They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### (II) In case of members receiving the physical copy :

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The e-voting period begins on Sunday, the 16<sup>th</sup> day of August 2015 at 9:00 AM and ends on Tuesday 18<sup>th</sup> August, 2015 at 5:00 PM. During this period Shareholders' of the Company, holding Equity Shares either in physical form or in

dematerialised (demat) form, as on the cut-off date (record date) of Wednesday, 12<sup>th</sup> August, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(D) The Board of Directors has appointed Mrs. Simmi Jain, Chartered Accountant in Practice, 184-A, Galaxy Apartment, Mayur Vihar, Phase -I, Pocket-4, Delhi-91 [Membership No. 86496] as a Scrutinizer to process the e-voting and submit a report to the Chairman.

(E) Mr. Manoj Kumar, Company Secretary of the Company shall be responsible for addressing all the grievances in relation to this 33<sup>rd</sup> Annual General Meeting including e-voting his mail ID is [companysecretary@bsil.org.in](mailto:companysecretary@bsil.org.in) and may be contacted on phone no. 011-42504798.

(F) The Notice of the 33<sup>rd</sup> Annual General Meeting are being sent to all the Members, whose names appear in the Register of Members as on cut-off date (record date) i.e. 17<sup>th</sup> July, 2015 through Registered Post and also by E-Mail, wherever registered. The Members may also download a copy of the Notice from the Website of the Company ([www.bsil.org.in](http://www.bsil.org.in)).

(G) The Members of the Company, holding Equity Shares either in physical form or in dematerialized (demat) form as on 17<sup>th</sup> July, 2015 and not casting their vote electronically, may only cast their vote at the 33<sup>rd</sup> Annual General Meeting. The voting rights of shareholders shall be in proportion to their shareholding of paid-up share capital of the Company as on 17<sup>th</sup> July, 2015.

(H) Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote physically. However, in case shareholder cast their vote through e-voting as well as physically, then voting done through e-voting will prevail.

(I) The results of voting shall be declared within two (2) days of the 33<sup>rd</sup> Annual General Meeting convened for the purpose. The results of voting so declared along with the Scrutinizer's Report shall be placed on the Company's Website ([www.bsil.org.in](http://www.bsil.org.in)) CDSL Website and shall also be communicated to the Stock Exchanges (BSE).

12. Members desiring any information as regards to accounts are requested to address their questions to the Secretary of the Company at least 7 days before the date of the Meeting so that the required information is made available at the Meeting.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

##### ITEM NO 4.

Mr. Jagan Nath Khurana was appointed as an alternate director to Mr. G.W. Elesenhaimer w.e.f. 4<sup>th</sup> June, 2011. Mr. G.W. Elesenhaimer has ceased to be director of the Company by virtue of Section 167 (1) (b) of the Companies Act, 2013. Mr. Jagan Nath Khurana was appointed as an additional director of the Company on 12<sup>th</sup> May, 2015. He is Chartered Accountant and has experience in the area of accounts, finance, taxation and administration of over 25 years. It is proposed to appoint Mr. Jagan Nath Khurana as an Independent director for a term of five consecutive years from 12<sup>th</sup> May, 2015 to 11<sup>th</sup> May, 2020. A Notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Jagan Nath Khurana as a candidate for the office of Director of the Company.

In the opinion of the Board Mr. Jagan Nath Khurana satisfies the conditions specified under the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company.

In the opinion of the Board Mr. Jagan Nath Khurana's continuation on the Board as an independent director will be beneficial to the Company and the Board recommends the resolution set out under Item No. 4 of this notice for approval of the members as ordinary resolution.

Except Mr. Jagan Nath Khurana none of the Director, key managerial personnel of the Company and/or their relatives is concerned or interested, financially or otherwise in the proposed resolution.

Brief profile of Mr. Jagan Nath Khurana is provided at the end of this Notice.

The explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of the Listing Agreement.

##### ITEM NO. 5.

Mr. Madan Lal was appointed as an Additional Director of the Company on 14<sup>th</sup> November, 2014. He has experience in the area of Finance, Accounts, Taxation, Management and administration of over 40 years. Mr. Madan Lal is a member of the Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee and Stakeholder Relationship Committee of the Company. It is proposed to appoint him as an Independent Director for a term of five consecutive years from 14<sup>th</sup> November, 2014 to 13<sup>th</sup> November, 2019. A Notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Madan Lal as a candidate for the office of Director of the Company.

In the opinion of the Board Mr. Madan Lal satisfies the conditions specified under the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company. In the opinion of the Board Mr. Madan Lal's continuation on the board as independent director will be beneficial to the Company and the Board recommends the resolution set out under Item No. 5 of this notice for approval of the members as ordinary resolution.

Except Mr. Madan Lal none of the Director, key managerial personnel of the Company and/or their relatives is concerned or interested, financially or otherwise in the proposed resolution.

Brief profile of Mr. Madan Lal is provided at the end of this Notice.

The explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of the Listing Agreement.

#### ITEM NO 6.

Mr. Rajeev Kumar Agarwal was appointed as an Additional Director of the Company on 12<sup>th</sup> May, 2015. He is an engineer and has experience in the area of finance, accounts management, administration and technical aspects of the industry of over 30 years. It is proposed to appoint him as an Independent director for a term of five consecutive years from 12<sup>th</sup> May, 2015 to 11<sup>th</sup> May, 2020. A Notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Rajeev Kumar Agarwal as a candidate for the office of Director of the Company.

In the opinion of the Board Mr. Rajeev Kumar Agarwal satisfies the conditions specified under the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company. In the opinion of the Board Mr. Rajeev Kumar Agarwal continuation on the board as independent director will be beneficial to the Company and the Board recommends the resolution set out under Item No. 6 of this notice for approval of the members as ordinary resolution.

Except Mr. Rajeev Kumar Agarwal none of the Director, key managerial personnel of the Company and/or their relatives is concerned or interested, financially or otherwise in the proposed resolution.

Brief profile of Mr. Rajeev Kumar Agarwal is provided at the end of this Notice.

The explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of the Listing Agreement.

#### ITEM NO. 7

Mr. Satish Kumar Gupta is an engineering graduate and has experience of more than 41 years and has worked at various levels. His experience is in area of sales, marketing, administration and operations of the Company's business.

The Board has subject to your approval and other approvals as may be required appointed him as the whole time director, designated as Director (works) of the Company w.e.f. 13<sup>th</sup> December, 2014 for a period of three years on the remuneration and perquisites as contained in resolution No.7 of this notice.

Further considering the above facts, other relevant factors and the comparative remuneration in the industry, the Nomination and Remuneration Committee, pursuant to Schedule V of the Companies Act, 2013 approved and recommended to the Board for payment of such remuneration as mentioned under Item No.7 of this notice, to Mr. Satish Kumar Gupta for a period of three year w.e.f. 13<sup>th</sup> December, 2014. The Board in their meeting held on 14<sup>th</sup> November, 2014 had approved payment of remuneration to him subject to your approval.

The information as required under Schedule V of the Companies Act, 2013 is given herein under:

#### I. GENERAL INFORMATION:

- |     |   |   |
|-----|---|---|
| (1) | Nature of Industry :  | Sponge Iron   |
| (2) | Date or expected date of commencement of commercial production :  | The Company commenced commercial production on 1 <sup>st</sup> July, 1989 |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : | Not Applicable  |

Financial Parameters	2014-15	2013-14
Sales (Net of Excise Duty)	-	1909.70
Other Income	208.66	275.60
Loss before Interest, Depreciation & Exceptional Items	121.26	938.48
Interest & Finance Charges	51.93	389.43
Depreciation	446.70	342.98
Loss for the year before Exceptional Items	619.89	1670.89
Exceptional Items expenditure/ (income)	116.25	103.41
Provision for Tax	—	—
Loss for the year carried to Balance Sheet	736.14	1774.30

#### I. INFORMATION ABOUT THE APPOINTEE:

**Background details:** Mr. Satish Kumar Gupta is an engineering Graduate with over 41 years of experience in the industry and has worked at various level.

**Past remuneration:** Mr. Satish Kumar Gupta was receiving Rs. 100,000 lacs as consultancy fee from the Company and was appointed as Director(Works) w.e.f. 13<sup>th</sup> December, 2013 on nearly the same salary.

**Recognition or awards:** None.

**Job profile and his suitability :** Mr. Satish Kumar Gupta has vast experience in the area of sales, marketing, administration and operations of Company's business. He has been associated with the Company since last 35 years.

**Remuneration proposed:** Details of proposed remuneration is given in Item No.7 of the Notice convening the 33<sup>rd</sup> Annual General Meeting.

Comparative remuneration profile with respect to industry size of the company, profile of the position and person, in the similar sized sponge iron units, remuneration is ranging between Rs. 20 lacs to Rs. 30 lacs per annum.

**Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** He does not have pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel except drawing salary from the Company.

#### II. OTHER INFORMATION:

Due to non-availability of Coal from Central Coalfields Limited the plant has been shut and operation is suspended from 9<sup>th</sup> August, 2013.

##### Steps taken or proposed to be taken for improvement:

The Company was allotted Ghatkuri Iron Ore Mine in April, 2007 in the State of Jharkhand with 406.40 hectares of land and consisting of reserves estimated at 35.65 million tons and it anticipates that the commencement of production of iron ore by 2016.

The Company from the existing power plant generates 5 MW Power based on dolo char being produced in the manufacturing of sponge iron. Since the Company is not able to consume the total dolo char, the Company has entered into an agreement with G.S. Phambutor Pvt. Limited (GSP) to install a 5 MW Power Plant. Whenever the existing power plant goes under regular maintenance, the Company has to generate power from DG Set, which is highly uneconomical. During such time the Company will take the power from GSP and for the rest of the period GSP will consume the power in induction furnace to produce pencil ingot. The 5 MW power plant is at commissioning stage. 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. Efforts are also being made to source coal from CCL through Linkage.

The above measures being taken by the Company will definitely improve the performance of the Company in terms of profitability.

Pursuant to section 197 and Section 203 of the Companies Act, 2013 and rules made there under the present proposal is to seek the member's approval for appointment of Mr. Satish Kumar Gupta as the whole time director, designated as the Director (works) and payment of remuneration to the Whole Time Director requires approval of the shareholders by way of a special resolution in terms of the provisions of Schedule V of the Companies Act, 2013 and Section 197 and Section 203 of the Companies Act, 2013 and rules made there under. Therefore, the Board recommends this resolution to be passed as a special resolution.

There is no financial interest of any of the director, interest is only to the extent of their shareholding in the Company as some of the directors are also the shareholders in the Company. No Key Managerial persons (KMP) or their relatives are concerned or interested in the resolution except to the extent of being KMP. No relatives of the directors are concerned or interested in the resolution except to the extent of their shareholding in the Company. The related registers, records and documents is available for inspection during business hours on any working day at the Registered Office of the Company. There is no financial interest of any of the director, interest

is only to the extent of their shareholding in the Company as the directors are also the shareholders in the Company.

Brief profile of Mr. Satish Kumar Gupta is provided at the end of this Notice.

The term of appointment given in the said resolution may be treated as an abstract of the terms and conditions of appointment of the said Whole Time Director u/s 190 of the Companies Act, 2013. None of the Directors except Mr. Satish Kumar Gupta are interested or concerned in the resolution.

#### ITEM NO. 8

The Companies Act, 2013 and Clause 49 of the Listing Agreement aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up share capital of rupees Ten crore or more, prior approval of the shareholders by way of a Special Resolution must be obtained:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Clause 49 of the listing agreement requires approval of the shareholder of the Company for material related party transactions.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013).

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are provided in the resolution no. 8 of the notice.

The respective agreements / transactions are entered on arm's length basis and all factors relevant to the respective contracts/transactions have been considered by the Board. The Copies of the above mentioned existing agreements shall be available for inspection by the members at the Registered Office of the Company during the normal business hours (10 am to 6pm) on all working days (except Saturdays) upto the date of Annual General Meeting of the Company.

The members are further informed that no member/s of the Company being a related party or having any interest in the resolution as set out at item No. 8 shall be entitled to vote on this special resolution.

The Board of Directors recommends the resolution set forth in item No.8 for approval of the Members. Except Promoter Directors and their relatives (to the extent of their shareholding interest in the Company) and other Director mentioned in the resolution No. 8, no other director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

BY ORDER OF THE BOARD



[ MANOJ KUMAR ]  
COMPANY SECRETARY

Place : New Delhi  
Dated : 12th may, 2015

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.

Sr. No.	Name of the Directors	Mrs. Kumkum Modi	Mr. Jagan Nath Khurana
1.	Director Identification Number (DIN)	00522904	00003817
2.	Date of Birth	19/01/1951	13/03/1945
3.	Age	64	70
4.	Permanent Account Number (PAN)	AAAPM4518P	AAYPK9412A
5.	Date of appointment	04/06/2011	30/06/2006
6.	Expertise in specific field	Has vast experience in the area of Administration, Business Management and Corporate Social Activities	More than 25 years of experience in the area of accounts, finance, taxation and administration.
7.	No. of equity shares held in the Company. (as on 31 <sup>st</sup> March, 2015)	5,500	710
8.	Qualifications	Post Graduate from Delhi University	Chartered Accountant
9.	List of other directorships	1. A to Z holdings Pvt. Ltd. 2. Modi Revlon Pvt. Ltd. 3. Jayesh Tradex Pvt. Ltd. 4. Modiline Travel Services Pvt. Ltd. 5. Jai Abhishek Investments Pvt. Ltd. 6. Longwell Investment Pvt. Ltd. 7. Modi Hitech India Limited 8. Modi Motors Pvt. Ltd. 9. Modi-Mundipharma Pvt. Ltd. 10. Umesh Modi Corp Pvt. Ltd 11. SBEC Sugar Limited 12. Swasth Investment Pvt Limited 13. Win-Medicare Pvt. Ltd.	1. Modi Santa Fe India P Ltd. 2. SBEC Bioenergy Ltd. 3. SBEC Stockholding & Investment Pvt. Ltd. 4. Apogee Pte Ltd. 5. Modi Illva India Pvt. Ltd. 6. Modi-Mundipharma Pvt. Ltd. 7. SBEC Systems (India) Ltd. 8. Moderate Services UK Pvt. Ltd. 9. MI Spirits India Limited
10.	Membership/ Chairman of Committees of the other Companies	NIL	1. SBEC Bioenergy Ltd.- Audit Committee- Member 2. SBEC Systems (India) Ltd.- Stakeholder Relationship Committee- Member
11.	Relationship, if any between Directors inter se	Wife of Mr. Umesh K. Modi & Mother of Mr. Abhishek Modi and Mr. Jayesh Modi.	NIL

Sr. No.	Name of the Directors	Mr. Madan Lal	Mr. Rajeev Kumar Agarwal
1.	Director Identification Number (DIN)	00272672	00298252
2.	Date of Birth	10/06/1942	03/01/1949
3.	Age	73	66
4.	Permanent Account Number (PAN)	ABGPL5680A	AANPA4619G
5.	Date of appointment	14/11/2014	12/05/2015
6.	Expertise in specific field	Formerly he was associated with IDBI and many other renowned institutions. Has experience in the area of Finance & Accounts, Taxation management and administration of over 40 years.	Has experience in the area of Finance, Accounts management and administration and technical aspects of the industry of over 30 years.
7.	No. of equity shares held in the Company. (as on 31 <sup>st</sup> March, 2015)	Nil	Nil
8.	Qualifications	Masters of Commerce	Engineering Graduate
9.	List of other directorships	1. Raunaq Automotive Components Limited 2. Shreyans Industries Limited 3. Technicast Engineers Limited	1. SBEC Bioenergy Ltd. 2. SBEC Sugar Ltd.
10.	Membership/ Chairman of Committees of the other Companies		1. SBEC Bioenergy Ltd. - Audit Committee 2. SBEC Sugar Ltd. Audit Committee - Member & Chairman in Stakeholder Relationship Committee.
11.	Relationship, if any between Directors inter se	NIL	NIL
Sr. No.	Name of the Directors	Mr. Satish Kumar. Gupta	
1.	Director Identification Number (DIN)	03537417	
2.	Date of Birth	26/05/1946	
3.	Age	69	
4.	Permanent Account Number (PAN)	ABIPG9089L	
5.	Date of appointment	13/12/2013	
6.	Expertise in specific field	Has worked at various levels in the industry and has more than 41 years of experience in the area of sales, marketing, administration and operations of the Company.	
7.	No. of equity shares held in the Company. (as on 31 <sup>st</sup> March, 2015)	400	
8.	Qualifications	Engineering Graduate	
9.	List of other directorships	1. TC Healthcare Pvt. Ltd.	
10.	Membership/ Chairman of Committees of the other Companies	Nil	
11.	Relationship, if any between Directors inter se	Nil	

\* Details in this regard includes the chairmanship / membership of the Audit Committee and Stakeholder Relationship Committee of only public companies whether listed or not.

**BIHAR SPONGE IRON LIMITED**

Registered Office : Umesh Nagar, Chandil, Dist Saraikela-Kharsawan, Jharkhand-832401  
Ph.: +91-6591-232410/17, E-mail: companysecretary@bsil.org.in

CIN- L27106JH1982PLC001633

33rd Annual General Meeting to be held on Wednesday, the 19th August, 2015 at 11.00 A.M.

**PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Members(s) : .....

Registered Address : .....

DPID: .....CLID: .....Reg. Folio No. : .....No. of Shares:.....

I / We, being the member(s) of .....shares of the above named Company, hereby appoint :

1. Name : .....of.....having an E-mail ID:....., failing him/her;

2. Name : .....of.....having an E-mail ID:....., failing him/her;

3. Name : .....of.....having an E-mail ID:....., failing him/her;

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 33rd Annual General Meeting of the Company, to be held on Wednesday, the 19th August, 2015, at 11.00 a.m. Company Guest House, Umesh Nagar, Chandil, Dist. Saraikela-Kharsawan, Jharkhand -832401 and at any adjournment thereof in respect of such resolution as are indicated below :

S. No.	Resolution	Vote (Optional (Refer Note))		
		For	Against	Abstain
1	Adoption of Audited Financial Statements, Autitors Report & Directors Report along with their annexures for the year ended 31 <sup>st</sup> March, 2015.			
2	Re-appointment of Mrs. Kumkum Modi, as director who retires by rotation.			
3	Appointment of M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants from the conclusion of 33 <sup>rd</sup> Annual General meeting till the conclusion of the 35 <sup>th</sup> Annual General Meeting.			
<b>Special Business:</b>				
4	Appointment of Mr. Jagan Nath Khurana as an independent director for five years u/s 149 w.e.f 12 <sup>th</sup> May, 2015.			
5	Appointment of Mr. Madan Lal as an independent director for five years u/s 149 w.e.f. 14 <sup>th</sup> November, 2015.			
6	Appointment of Mr. Rajeev Kumar Agarwal as an independent director for five years u/s 149 w.e.f. 12 <sup>th</sup> May, 2015.			
7	Special Resolution for appointment of Mr. Satish Kumar Gupta as whole-time director of the Company pursuant to Section 197 and 203 of the Companies Act, 2013 for three years w.e.f. 13 <sup>th</sup> December, 2014.			
8	Special Resolution for approval of Related Party Transactions u/s 188 of the Companies Act, 2013 and Clause 49 of the listing agreement.			

Signed this .....day of .....2015

Signature of shareholder

Signature of first proxy



**Notes :**

This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of meeting.

It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

**BIHAR SPONGE IRON LIMITED**

Registered Office : Umesh Nagar, Chandil, Dist Saraikela-Kharsawan, Jharkhand-832401  
Ph.: +91-6591-232410/17, E-mail: companysecretary@bsil.org.in,

CIN- L27106JH1982PLC001633

**ATTENDANCE SLIP**

33rd Annual General Meeting to be held on Wednesday, the 19th August, 2015 at 11.00 A.M. at Company Geust House, Chandil,

Dist. Saraikela-Kharsawan, Jharkhand -832401

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional Slips on request.

Name of the Members(s) : .....

DPID: .....CLID: .....Reg. Folio No. : .....No. of Shares:.....

I hereby record my presence at the 33rd Annual General Meeting of the Company held at Company Geust House, Chandil, Dist. Saraikela-Kharsawan, Jharkhand -832401on Wednesday, the 19th August, 2015 at 11.00 A.M.

**SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING**

If, Shareholder, please sign here : .....

If Proxy, please sign here : .....



## GREEN INITIATIVE FOR THE KIND ATTENTION OF MEMBERS

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

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

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

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

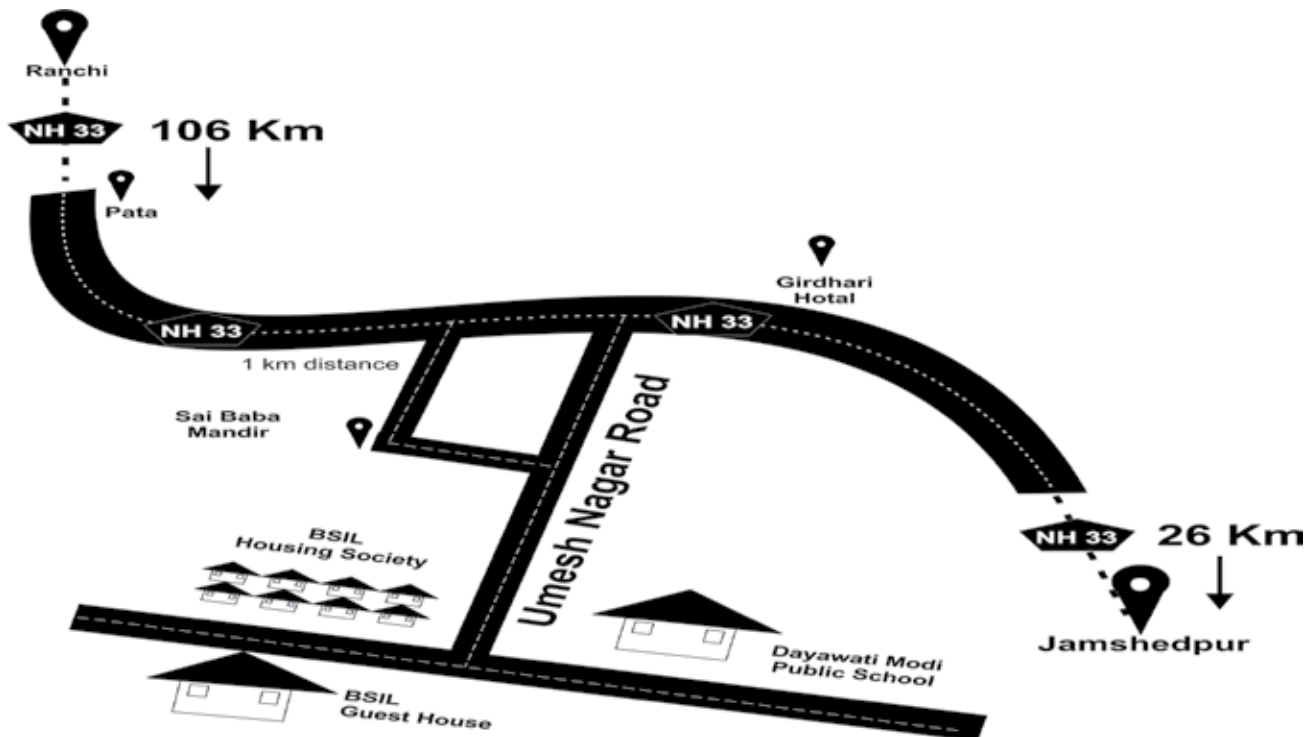
- a. **Electronic form**, please intimate your e-mail address to your Depository Participant (DP). The same will be deemed to be your registered e-mail address for serving notices/ documents including those covered under Section 136 of the Companies Act, 2013.
- b. **Physical form**, please send a duly signed letter quoting the name of First / sole holder and Registered Folio addressed to the Company Secretary of the Company or the Registrar & Share Transfer Agent at :

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

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

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



## DIRECTORS' REPORT

### To the Members,

The Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report of the Company along with audited accounts for the year ended 31<sup>st</sup> March, 2015.

	(Rs. Lacs)	
Financial Parameters	2014-15	2013-14
Sales (Net of Excise Duty)	-	1909.70
Other Income	208.66	275.60
Loss before Interest, Depreciation & Exceptional Items	121.26	938.48
Interest & Finance Charges	51.93	389.43
Depreciation	446.70	342.98
Loss for the year before Exceptional Items	619.89	1670.89
Exceptional Items expenditure (income)	116.25	103.41
Provision for Tax	—	—
Loss for the year carried to Balance Sheet	736.14	1774.30

### OPERATIONS :

During the year under review there was no production of sponge iron due to Plant being shut from 9<sup>th</sup> August, 2013 on account of sudden stoppage of coal supply by Central Coalfields Limited, Ranchi, a Unit of Coal India Limited against our long term Fuel Supply Agreement. The reason for stoppage of coal supply was that Ministry of Coal had allocated a Captive Coal Mine – Macherkunda Coal Block in the year 2008 and as per terms & conditions the Mine was to be operative by February, 2013. The Mine could not be developed due to various reasons beyond our control i.e. depending upon the Govt. of India for clearance. The Coal Block was later cancelled on 20<sup>th</sup> November, 2012 by Ministry of Coal, Govt. of India. The Company challenged this by filing a Writ Petition No. W.P.(C) 1660 in the year 2013 in the Hon'ble Jharkhand High Court.

Further, all Coal Blocks were also cancelled by Hon'ble Supreme Court of India vide its Order dated 25<sup>th</sup> September, 2014 and our Macherkunda Coal Block was also amongst these Coal Blocks. Since the Policy about renewal of Fuel Supply Agreement (FSA) after de-allocation of Captive Coal Blocks was not clear, hence they stopped the coal supply. Later on in a Special Meeting of Standing Linkage Committee (Long Term) held on 3<sup>rd</sup> December, 2014 under the Chairmanship of Additional Secretary (Coal), Ministry of Coal decided that all EUP which were already having long term linkage should get coal from the respective Coal companies. Accordingly, we approached the Chairman-CCL, Ranchi and he advised to withdraw our Writ Petition No. W.P.(C) No. 1660 of 2013. He further suggested that once the said writ petition is withdrawn, CCL would proceed in the matter for renewal of Fuel Supply Agreement. The Company has made an interlocutory application for withdrawal of the said writ petition before Hon'ble Jharkhand High Court. We hope that the matter would be resolved with the withdrawal of the said Writ Petition by the said High Court.

### 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 and consisting of reserves estimated at 35.65 million tons. However, the Geological Survey was conducted by Department of Geology, Ministry of Mines, Govt. of Jharkhand and report was released in February, 2012 wherein they have assessed the Ore reserve to be about 11.00 Million Tons.

The Company has requested for the allocation for an additional Iron Ore Mine to compensate the difference in allocated quantity and for revised geological reserves.

The draft Mining Plan prepared by MECON was submitted with Ministry of Mines on 3<sup>rd</sup> September, 2012 based on the revised reserves of 11.00 million tons.

The Indian Bureau of Mines, Ministry of Mines, Govt. of India vide its letter dated 06-02-2014 have communicated the mining plan is not approved. The Company expects a total capital investment of around Rs.45.00 Crores for the development and anticipates the commencement of production of iron ore by 2016.

### COAL MINE:

As already reported the Macherkunda Coal Block allocated to the Company for captive mining of coal has been de-allocated by the Ministry of Coal, Government of India. The Government of India has filed a number of transfer petitions in the Hon'ble Supreme Court for transfer of the coal block cases which were pending in various high courts. The Supreme Court has expressed its view that all coal block allocations on and after 2003 are illegal. The Supreme Court has vide its order dated 25<sup>th</sup> September, 2014 has cancelled allocation of all but 4 coal blocks allocated from 2003. The Macherkunda Coal Block was among the all cancelled coal blocks. The Company has made an application to Ministry of Coal, Govt. of India for return of Bank Guarantee of Rs. 2.81 cr. Vide its letter dated 15<sup>th</sup> October, 2014.

### 5 MW POWER PLANT / STEEL PLANT

The Company from the existing power plant generates 5 MW Power based on dolo char being produced in the manufacturing of sponge iron. Since the Company is not able to consume the total dolo char, the Company has entered into an agreement with G.S. Phambutor Pvt. Limited (GSP) to install a 5 MW Power Plant. Whenever the existing power plant goes under regular maintenance, the Company has to generate power from DG Set, which is highly uneconomical. During such time the Company will take the power from GSP and for the rest of the period GSP will consume the power in induction furnace to produce pencil ingot. The 5 MW power plant is at commissioning stage. Once the sponge iron plant starts its operations to said power plant will be commissioned and steps for setting up induction furnace will initiated.

### DIVIDEND

In view of the loss incurred by the Company, no dividend has been proposed for the financial year ended 31<sup>st</sup> March, 2015

### 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 2014-15.

### INTERNAL CONTROL SYSTEM

The Company has a well placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal control system comprises audit and supplemented by internal audit checks from the Internal Auditor M/s. Sarat Jain & Co. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board.

### NOMINATION AND REMUNERATION POLICY OF THE COMPANY

The Board of the Company in its meeting held on 12<sup>th</sup> May, 2015 has approved and adopted the Company's Nomination and Remuneration policy. Any member interested in hard copy of the said policy 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 in the Company's website [www.bsil.org.in](http://www.bsil.org.in). Details of the Committee is provided in the corporate governance report annexed with this report.

### WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of director of the Company in its meeting held on 6<sup>th</sup> February, 2015 has approved and adopted vigilance mechanism – Whistle Blower Policy. This Policy *inter-alia* provides a direct access to the Chairman of the Audit Committee. 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. The said policy is available in the Company website, [www.bsil.org.in](http://www.bsil.org.in). Any member interested in hard copy of the said policy may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

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

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. 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.

There were no materially significant transactions with Related Parties during the financial year 2014-15 which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in the Notes to the financial statements.

The Board had approved policies on Related Party Transactions. The policies have been uploaded on the Company's website: [www.bsil.org.in](http://www.bsil.org.in). Any member interested in hard copy of the said policy 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 clause 49 of the Listing Agreement is 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 2014-15 in Form No. MGT – 9 is given separately as **Annexure - E**, which form part of the Board's report.

**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 2014-15, in terms of Section 204 of the Companies Act, 2013. The Secretarial Audit Report for financial year 2014-15 done is separately annexed as **Annexure-F** with this report and is available on the Company's website [www.bsil.org.in](http://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 operation from 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.

**MANAGERIAL REMUNERATION:**

Disclosures required u/s 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 relating to ratio of the remuneration of each director to the median employee's remuneration and other details shall be provided on request, in accordance with the provisions of Section 136 of the Act. The relevant information could not be provided as the plant is under shut and the operations has been suspended from 09.08.2013, thereby the salary, wages and allowances of the employees is unascertained.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, non of the employee is drawing remuneration in excess of the limits set out in the said Rules.

**DIRECTORS :****A) CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

Mr. Satish Kumar Gupta, Whole Time Director designated as Director (Works) of the Company is re-appointed as Whole Time Director designated as Director (Works) w.e.f. 13-12-2014 for a period of 3 years.

In accordance with the provisions of Section 160 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mrs. Kumkum Modi retires by rotation and are eligible for re-appointment.

Mr. G. W. Elsenheimer ceased to be the director of the Company under Section 167 of the Companies Act, 2013.

Mr. G. C. Jain has resigned as director of the Company w.e.f. 15th April, 2015.

Mr. R. K. Agarwal, Mr. Jagan Nath Khurana, and Mr. Madan Lal the independent directors of the Company pursuant to section 149 (10) of the Companies Act, 2013 shall hold the office as directors for a term of 5 years w.e.f. 12<sup>th</sup> May, 2015, 12<sup>th</sup> May, 2015 and 14<sup>th</sup> November, 2014 respectively, subject to the approval of shareholders.

Mr. B. K. Goel is appointed as Chief Financial Officer of the Company w.e.f. 6<sup>th</sup> February, 2015.

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 AN 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 12<sup>th</sup> May, 2015. Any member interested in hard copy of the said policy may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

**C) FORMAL ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Independent Directors at their meeting without the 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 its own performance, the working of its Committees (Audit, Nomination and Remuneration and Stakeholders Relationship Committee) and Independent Directors (without participation of the relevant Director). 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 the four times, i.e. on 29<sup>th</sup> May, 2014, 19<sup>th</sup> September, 2014, 14<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015 during financial year 2014-15.

**E) 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, in the case of a listed company, had laid down 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;

- 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. Thakur Vaidyanath Aiyar and Co., Chartered Accountants (Firm Registration No.000038N), Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made would be within the prescribed limits under Section 139 of the Companies Act, 2013 and the Audit Committee of the Company has recommended their appointment as statutory Auditors for two consecutive years starting from the conclusion of 33<sup>rd</sup> AGM to the conclusion of 35<sup>th</sup> AGM of the Company.

**ACCOUNTS AND AUDIT:**

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

- Rs. 2,32,381 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. It is hopeful that the Company would get the order in its favour.
- Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2015 has not been taken on accounts as the Company has applied to 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. 81,331 thousands has not been provided as the Company will make representation for waiver on re-start of the Company operation.

e. Salaries, Wages, Allowances, Contribution to PF including interest on overdue amount as well as employee benefit expenses w.e.f. 10.08.2013 to 31.03.2015 has not been provided in view of the shut down of the plant and suspension of operation from 9<sup>th</sup> August, 2013.

Further due to shut down of the plant and suspension of operation from 9<sup>th</sup> August, 2013 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

Chandil Power Limited has become a subsidiary company of the Company pursuant to Section 4 (1) (a) of the Companies Act, 1956 and Section 2(87) of the Companies Act, 2013 and in accordance with the general circular No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, Government of India the balance sheet, profit and loss account and other documents as required to be attached with balance sheet are not attached with the balance sheet of the Company. The same will be made available to any member of the Company, who may be interested in obtaining the same. The Annual accounts and related documents of the subsidiary company will also be kept open for inspection at the registered office of the Company. Further the consolidation of accounts is not required as Chandil Power has become subsidiary by virtue of control on of composition of Board of Directors of Chandil Power Limited and the Company do not hold any shares in Chandil Power Limited. Chandil Power Limited ceased to be subsidiary of the Company w.e.f. 29<sup>th</sup> September, 2014.

#### 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 and CEO/CFO Certificate as required under Clause 41 of the Listing Agreement is included in the said Corporate Governance Report.

#### MANAGEMENT DISCUSSION ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchange, 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 continues to be listed in the Bombay Stock Exchange and listing fee for the Financial Year 2015-16 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

Place: New Delhi  
Date: 12.05.2015

S.K. Gupta  
Director-works  
DIN: 03537417

B.D. Garg  
Director  
DIN 00002792

#### ANNEXURE A

#### TO THE DIRECTORS' REPORT STATEMENT PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013.

#### CONSERVATION OF ENERGY :

	Current Year (2014-15)	Previous Year (2013-14)
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. ELECTRICITY		
A) PURCHASED		
Unit	Nil	Nil
Amount(Rs.)	Nil	Nil
Rate/Unit (Rs.)	Nil	Nil
B) OWN GENERATION		
1. Through Diesel Generator		
Unit	Nil	192531
Unit per liter of HSD	Nil	2.98
Cost/Unit (Rs.)	Nil	17.09
2. Through steam turbine		
Unit	Nil	6796783
Unit per M.T of fuel		574
Cost/Unit (Rs.)	Nil	3.80
3. COAL		
Quantity (M.T)	Nil	12204
Cost (Rs.)	Nil	66646995
Average Rate (Rs./M.T)	Nil	4561
<b>B. CONSUMPTION PER M.T OF PRODUCTION (SPONGE IRON)</b>		
1. Electricity (Unit)	Nil	725
2. Furnace Oil	Nil	Nil
3. Coal (M.T)	Nil	1.27
4. Others – HSD (Liter)	Nil	6.72

#### 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. <b>Benefits derived as a result of above efforts:</b> 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)

	(2014-15)	(2013-14)
1. EARNING		
Export of Goods on F.O.B OUTGO	—	—
2. EXPENDITURE		
a) Interest	—	—
Import on CIF Basis Stores & Spares	—	—

## 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 Clause-49), across all the companies in which he is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

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

Name of the Directors	Executive/Independent/ Non-Executive	No. of meetings attended(+)	Attendance at previous AGM on 29th September 14	No. of outside directorships held (*)	No. of membership/ chairmanship in other Board Committee	
					Chairman	Membership
Mr. Umesh K. Modi	Chairman	2	Not Present	7	Nil	Nil
Mr. Rahul Singh(**)	Nominee Director	Nil	Not Present	5	Nil	Nil
Mrs. Kumkum Modi	Non Executive Director	1	Not Present	2	Nil	Nil
Mr. Abhishek Modi	Non Executive Director	2	Not Present	6	Nil	Nil
Mr. Jayesh Modi	Non Executive Director	1	Not Present	4	Nil	Nil
Mr. B. D. Garg	Independent Director	4	Not Present	2	Nil	Nil
Mr. Satish Kumar Gupta (***)	Whole-time Director	1	Not Present	1	Nil	Nil
Mr. G.C. Jain (****)	Independent Director	4	Not Present	6	5	1
Dr. Shayam Vyas	Independent Director	1	Not Present	Nil	Nil	3
Mr. J. C. Chawla	Independent Director	4	Present	Nil	Nil	3
Mr. G.W. Elsenheimer	Independent Director	Nil	Not Present	Nil	Nil	Nil
Mr. Madan Lal(*****)	Additional Director	2	Not Present	4	Nil	Nil
Mr. J. N. Khurana	Alternate to Mr. G. W. Elsenheimer	4	Not Present	2	Nil	Nil

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

(\*) Directorship in companies registered under the Companies Act, 1956, excluding Directorships in Private Limited Companies, Companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.

(\*\*) Nomination of Mr. Rahul Singh (IAS) was approved on 6<sup>th</sup> February, 2015

(\*\*\*) Mr. Satish Kumar Gupta, was re-appointed as Whole-time Director subject to the approval of Shareholders, designated as Director – Works of the Company w.e.f. 13<sup>th</sup> December, 2014.

(\*\*\*\*) Mr. G.C. Jain has resigned from the Board, w.e.f. 15<sup>th</sup> April, 2015.

(\*\*\*\*\*) Mr. Madan Lal was appointed as an Additional Director on 14<sup>th</sup> November, 2014.

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.

Four Board Meetings were held during the year on 29<sup>th</sup> May, 2014; 19<sup>th</sup> September, 2014; 14<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

## CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. The Company has received confirmations from both the Directors as well as Senior Management regarding compliance of the Code of Conduct for the year ended 31st March, 2015. The Code is posted on the website of the Company i.e. [www.bsil.org.in](http://www.bsil.org.in)

## INFORMATION REGARDING REAPPOINTMENT OF DIRECTORS:

Mrs. Kumkum Modi, Director of the Company retires by rotation and being eligible, offers herself for re-appointment. Mrs. Kumkum Modi is a Non-Executive director. She is a Post-Graduate from Delhi University and has experience in the area of administration and business management. She is also a Director in the following public companies: SBEC Sugar Limited and Modi Hitech India Limited.

## 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 by 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 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 6<sup>th</sup> February, 2015 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 through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved.

**AUDIT COMMITTEE:**

Composition of Audit Committee is in accordance with the requirements prescribed by the Code of Corporate Governance. Audit Committee has following directors:

- i). Mr. G.C. Jain- Chairman
- ii) Mr.J. C. Chawla
- iii) Dr. Shyam Vyas.
- iv) Mr. Madan Lal

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 Thakur, Vaidyanath Aiyar & Co., the Statutory Auditors and a representative of Sarat Jain & Associates, Concurrent Auditors are permanent invitees to the Audit Committee meetings and the Cost Auditors are invited at the meeting as and when required.

Four meetings of Audit Committee were held during the year on 29<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

Attendance at meetings during the year:

Director	No. of meetings attended
Mr. G.C. Jain *	4
Dr. Shyam Vyas	1
Mr. J.C. Chawla	4
Mr. Madan Lal	1

\* Mr. G.C. Jain has resigned from the Board, w.e.f. 15th April, 2015, thus ceased to be the member of audit committee.

The terms of reference of the Audit Committee are in conformity with the revised requirements of Clause 49 of the Listing Agreement read in conjunction with Section 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;
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. Qualifications 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 CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) 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.

Explanation (i): The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

**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.

**The Audit Committee in pursuance to Section 177 of the Companies Act, 2013 shall act within the term of reference specified in writing by the Board which shall *inter alia* include the following:**

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

**STAKEHOLDER RELATIONSHIP COMMITTEE:**

The Investors'/Shareholders Grievance Redressal Committee was first constituted on 11<sup>th</sup> September, 2001 as Investors'/ Shareholders Grievance Redressal Committee. The Investors'/Shareholders Grievance Redressal Committee was dissolved and Stakeholder Relationship Committee is constituted on 29<sup>th</sup> May, 2014 in its place pursuant to Section 178 (5) of the Companies Act, 2013.

The Stakeholder Relationship Committee has following independent directors:

- i) Mr. G.C. Jain \*
- ii) Mr. J. C. Chawla,
- iii) Dr. Shyam Vyas,
- iv) Mr. B. D. Garg,
- v) Mr. Madan Lal

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

\* Mr. G.C. Jain has resigned from the Board, w.e.f. 15<sup>th</sup> April, 2015, thus ceased to be the member of stakeholder relationship committee.

**BRIEF DESCRIPTION OF THE TERMS OF REFERENCE:**

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialization, re-materialization, complaints of shareholders etc. During the year under review, the Committee met four times on 29<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

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

	Number of complaints received					Number of total complaints (Share Transfers/ Annual Reports etc.)
	Direct the Company or through RTA	Stock Exchanges	Investor Associations	SEBI	Deptt. of Company Affairs	
<b>(2014-2015)</b>						
1. Received	21	Nil	Nil	Nil	Nil	21
2. Replied	21	Nil	Nil	Nil	Nil	21
3. Pending	Nil	Nil	Nil	Nil	Nil	Nil

**COMPLIANCE OFFICER:**

Mr. Manoj Kumar, Company Secretary of the Company is the Compliance Officer of the Company.

**NOMINATION AND REMUNERATION COMMITTEE:**

The Remuneration Committee was constituted by the Board in March, 2006. The Committee has been reconstituted on 22<sup>nd</sup> August, 2012. The Remuneration Committee was dissolved on 29<sup>th</sup> May, 2014 and Nomination and remuneration Committee was constituted.

The following persons are the Members of the Committee:

- i) Mr. G.C. Jain, Chairman,
- ii) Mr. J. C. Chawla,
- iii) Dr. Shyam Vyas,
- iv) Mr. B. D. Garg
- v) Mr. Madan Lal

The Company Secretary acts as a Secretary to the Committee.

Two Nomination and Remuneration Committee meetings were held during the year on 14<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

## Attendance at the meeting during the years :

Director	No. of Meetings attended
Mr. G.C. Jain*	2
Dr. Shyam Vyas	0
Mr. J.C. Chawla	2
Mr. B.D. Garg	1
Mr. Madan Lal	1

\* Mr. G.C. Jain has resigned from the Board, w.e.f. 15th April, 2015, thus ceased to be the member of nomination and remuneration committee.

The terms of appointment and remuneration of the executive directors are reviewed by the Nomination and Remuneration Committee keeping in view the performance, industry practice, present compensation package, etc and then recommend the same for the approval of the Board of Directors and the shareholders. Committee has also approved a policy on Nomination & Remuneration of Directors, KMP and Senior Managerial Personnel which has been placed on the website of the company: www.bsil.org.in

Details of Remuneration paid to Directors for the year ended on 31st March, 2015.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fee of Rs. 1,000/- per meeting for attending the meetings of Board and/or Committees thereof.

The details of Remuneration paid to the Directors during the year ended 31st March, 2015 are as under:-

S. NO.	NAME	SALARY	PERQUISITES AND OTHER BENEFITS	SITTING FEES (Rs.)	TOTAL (Rs.)
Executive Directors:					
1	Mr. S. K. Gupta*	270290	25215	—	295505
Non-Executive Directors:					
1	Mr. B. D. Garg	—	—	15,000	15,000
2	Mr. G. C. Jain	—	—	15,000	15,000
3	Mr. Shyam Vyas	—	—	4000	4000
4	Mr. J. C. Chawla	—	—	45,000	45,000
4	Mr. J.N. Khurana	—	—	5,000	5,000
5	Mr. Madan Lal	—	—	12,000	12,000

\*Mr. S. K. Gupta has waived off his remuneration w.e.f. 13<sup>th</sup> December, 2013 to 12<sup>th</sup> December, 2014.

**ANNUAL GENERAL MEETING:**

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

Year	Date	Venue	Time	Special Resolution Passed (Yes / No)
2014	29.09.2014	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	11.00 A.M.	Yes
2013	02.08.2013	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	11.00 A.M.	Yes
2012	29.09.2012	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	10.00 A.M.	Yes
2011	30.09.2011	Umesh Nagar, Chandil, District Saraikela-Kharsawan 832401 (Jharkhand)	10.00 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.

**DISCLOSURE:**

There were no materially significant related party transactions (i. e. Transaction of the Company of the material nature) that may have potential conflict with the interest of the Company at large. However, related party transactions during the year are mentioned in Note no 3 under "Notes Related to Accounting Standards" under Annexure -1 of Accounting Policies & General Notes.

There has not been any non compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets during the last three years.

**MEANS OF COMMUNICATIONS:****Half Yearly Report to Each Household of Shareholders:**

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



**Quarterly Results:**

In compliance to the Clause 41 of the Listing Agreement the Company regularly intimate the un-audited financial results to the stock exchange, immediately after the same is taken on record by the Board/Committee of Directors of the Board and are published in widely circulated English daily "The Financial Express" and Hindi daily "Naya India" as is required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the Company is listed and also displayed on the website of the Company.

**CEO/CFO CERTIFICATION ON THE FINANCIAL STATEMENT:**

Pursuant to Clause 49 of the Listing Agreement, the Chief Executive Officer/Director Finance have submitted the desired certificate to the Board of Directors and the same have been taken on record by the Board of Directors in their meeting held on 12<sup>th</sup> May, 2015.

**GENERAL SHAREHOLDER INFORMATION:**

33<sup>rd</sup> Annual General Meeting is scheduled to be held on 19<sup>th</sup> day of August, 2015 at 11:00 A.M. at the Company 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 31<sup>st</sup> March, 2016.**

Particulars	Date
For First Quarter UFR ended 30.06.2015:	By 14 <sup>th</sup> August, 2015
For Second Quarter UFR ended 30.09.2015:	By 15 <sup>th</sup> November, 2015
For Third Quarter UFR ended 31.12.2015:	By 15 <sup>th</sup> February, 2015
For Audited Financial results for the year ended 31.03.2016:	By 30 <sup>th</sup> May, 2016

**Book Closure:**

Thursday the 13<sup>th</sup> day of August, 2015 to Wednesday the 19<sup>th</sup> day of August, 2015 (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 31<sup>st</sup> March, 2015.

**LISTING ON STOCK EXCHANGES:**

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

Stock Exchange	Stock Code
Bombay Stock Exchanges Limited, Phiroz Jeejeebhoy Towers, 25 <sup>th</sup> Floor, Dalal Street, Fort, Mumbai-400001	500058

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

The Company has paid listing fee for the financial year 2015-2016 to Bombay Stock Exchange Limited only.

**Market Price Data:**

High/Low of market price of the Company's shares traded on Bombay Stock Exchange Limited during the financial year 2014-2015 is furnished below:

Month	High Price	Low Price	No. of Shares
Apr 14	4.41	2.16	2,84,545
May 14	5.74	3.80	5,25,366
Jun 14	5.63	3.83	3,50,243
Jul 14	4.49	3.71	2,64,085
Aug 14	4.00	2.92	1,24,631
Sep 14	3.90	3.09	3,37,924
Oct 14	3.20	2.85	84,305
Nov 14	3.41	2.71	1,66,713
Dec 14	3.28	2.74	1,60,567
Jan 15	3.30	2.77	2,79,648
Feb 15	3.16	2.52	1,51,606
Mar 15	3.02	2.30	1,98,676

**Registrar and Transfer Agents:**

M/s. Beetal Financial & Computer Services Pvt. Limited is the Registrar and Share Transfer Agent of the Company. The physical transfer of Equity Shares and Electronic connectivity for the depository mode for both NSDL and CDSL is being provided by M/S Beetal Financial & Computer Services Pvt. Limited whose address 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 27<sup>th</sup> December, 2002, has appointed M/S Beetal Financial & Computer Services Pvt. Limited, (Category-I SEBI registered Registrar & Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities & Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and the enclosures are valid, the shares are transferred within 15th 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, 2015:**

	No. of Shares	No. of Shareholders	% age to total shares
Up to 5000	52,594	79,17,302	8.78
5001 to 10000	2,981	24,11,036	2.67
10001 to 20000	1,219	18,99,390	2.10
20001 to 30000	338	8,73,100	0.97
30001 to 40000	177	6,47,821	0.72
40001 to 50000	183	8,83,077	0.98
50001 to 100000	244	18,36,598	2.04
100001 and above	221	7,37,37,079	81.74
<b>Total</b>	<b>57,957</b>	<b>9,02,05,403</b>	<b>100.00</b>

**Distribution of Shareholding as on 31st March, 2015:**

	No. of Shares Held	% age to Shares Held
1. Promoters	6,25,52,579	69.34
2. Mutual Funds & UTI	64,550	00.07
3. Banks, Financial Institution & Insurance Companies	1,15,820	00.13
4. Foreign Financial Investors	6,68,584	0.74
5. Private Corporate Bodies	28,71,883	3.18
6. Indian Public	2,33,16,280	25.85
7. NRI/OCBs	6,09,778	00.68
8. Any Other (Clearing Members & Trust )	5,929	0.01
<b>Total</b>	<b>9,02,05,403</b>	<b>100.00</b>

**Dematerialization of shares:**

The equity shares of the Company are available for dematerialization. The Securities Identification Number (ISIN) of the Company is INE 819C01011. The equity shares are now tradable only in dematerialized mode.

**Share held in physical and dematerialized form:**

As on 31<sup>st</sup> March, 2015, 55.91 % of Equity Shares were held in dematerialized form and the rest were in physical form.

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

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

**Plant location of the Company:**

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

**Address for correspondence:**

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

**BIHAR SPONGE IRON LIMITED**

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

**Nomination Facility:**

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

## ANNEXURE - C

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

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

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

**2. OPPORTUNITIES AND THREATS**

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

**3. SEGMENTWISE/ PRODUCTWISE PERFORMANCE**

The Company is engaged mainly in the segment of manufacturing and selling of sponge iron.

**4. OUTLOOK**

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

**5. RISKS AND CONCERNS**

The Management periodically carries out risk assessment exercises. Risk factors are also discussed in Audit Committee Meetings. Wherever possible and necessary, insurance cover is taken for risk mitigation. However, an economic slowdown can adversely affect the demand-supply equation in the sponge iron industry. The price of sponge iron is sensitive to the demand-supply position of steel scrap in the country and also to the selling prices of long products. On the financial front, the Company's debt had been restructured pursuant to the rehabilitation scheme sanctioned by Hon'ble BIFR is over on 30th September, 2011 and the net worth of the Company has not turned positive. All the installments of principal and interest thereon has already been paid under the scheme, except for the exchange fluctuation on foreign currency loan and interest thereon in respect of which PLA has been filed with High Court of Jharkhand, Ranchi. In addition the entire rehabilitation loan along with the interest is due for payment to Government of Jharkhand, for which the Company has proposed re-schedulement for payment of such loan in the draft MDRS. As the net worth of the Company has not become positive by 30<sup>th</sup> September, 2011, the BIFR vide its order dated 30<sup>th</sup> May, 2012 had directed the company to file Modified Draft Rehabilitation Scheme (MDRS). The MDRS has been filed on 3<sup>rd</sup> December, 2012.

During the year under review there was no production of sponge iron due to Plant being shut from 9<sup>th</sup> August, 2013 on account of sudden stoppage of coal supply by Central Coalfields Limited, Ranchi, against our long term Fuel Supply Agreement. Further, all Coal Blocks were also cancelled by Hon'ble Supreme Court of India vide its Order dated 25<sup>th</sup> September, 2014 and our Macherkund Coal Block was also amongst these Coal Blocks.

The Company was allotted Ghatkuri Iron Ore Mine in April, 2007 in the State of Jharkhand with 406.40 hectares of land and consisting of reserves estimated at 35.65 million tons. The Company expects a total capital investment of around Rs.45.00 Crores for the development and anticipates the commencement of production of iron ore by 2016.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes and Corporate policies are duly complied with. The Company has appointed M/s. Sarat Jain & Associates, Chartered Accountants as Internal Auditors, who conduct audit of various departments and areas. In line with international trend, planning and conduct is oriented towards a review of controls in the management of risks and opportunities in the Company's activities. The annual audit program is developed by the Internal Auditors and approved by the Audit Committee of the Board. The Concurrent Auditors' Report is placed before the Audit Committee which met four times during the year to review the audit observations and to follow up implementation of corrective actions.

The Committee also consults the Company's statutory auditors to ascertain their views on the adequacy of the internal control systems in the Company. The Audit Committee has majority of independent directors to maintain the objectivity.

**7. FINANCIAL PERFORMANCE**

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

**8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company, at the year ended 31st March, 2015 had 509 employees as compared to 513 in the previous year.

**9. CAUTIONARY STATEMENT**

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

**AUDITOR'S CERTIFICATE**

The Members of BIHAR SPONGE IRON LTD.

We have examined the compliance of conditions of Corporate Governance of Bihar Sponge Iron Limited (the company) for the year ended 31st March, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

For Thakur, VaidyanathAiyar & Co.  
Chartered Accountants  
[FRNo. 000038N]

Place : New Delhi  
Dated : 12<sup>th</sup> May, 2015

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

12<sup>TH</sup> May, 2015  
The Board of Directors,  
Bihar Sponge Iron Limited  
Umesh Nagar, Chandil,  
District Saraikela- Kharsawan, Jharkhand

We, Satish Kumar Gupta (Director-works) and B. K. Goel (CFO) of Bihar Sponge Iron Limited both certify to the Board that we have reviewed the Balance Sheet, Statement of Profit & Loss account and Notes on Accounts as well as Cash Flow Statement and the Directors' Report of the Company for the year ended 31st March, 2015. To the best of our knowledge, we certify that:

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

Place : New Delhi  
Date : 12.05.2015

S. K. Gupta  
Director (Works)

B.K. Goel  
CFO

## ANNEXURE - D

## 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 SR 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,
1.	Modi-Hitech India Ltd.	Mr. U. K. Modi, Mrs. Kumkum Modi, Mr. Abhishek Modi, Mr. Jayesh Modi and Mr. B. D. Garg are common directors.	01-04-2014 to 31-03-2015	Rent received at an arm's length basis of Rs. 17.41 lacs	22-03-2014	Nil
2.	G.S. Pharmbutor Pvt. Ltd.	G S Pharmbutors Pvt. Ltd. holds more than 20 % of shares in Moderate Leasing and Financial Services Limited which is a promoter group company and holds 49 .10 % shares of the Company.	01-04-2014 to 31-03-2015	Rent and other expenses recovered of Rs. 107.80 Lacs. Further amount of 0.53 Lacs paid for the expenses. All receipts and payments are made at arm's length basis	22-03-2014	Nil
3.	Win-Medicare Pvt. Ltd.	Mr. U.K. Modi, Mrs. KumKum Modi, Abhishek Modi, and Mr. Jayesh Modi are common directors.	01.04.2014 to 31.03.2015	paid for expenses at an arm's length basis of Rs. 0.42 Lacs	22.03.2014	Nil
4.	Modi-Motors Pvt. Ltd.	Mrs. Kumkum Modi as common director and Mr. U. K. Modi, Mr. Abhishek Modi and Mr. Jayesh Modi as relative of directors.	01-04-2014 to 31-03-2015	Printing of Annual Reprint at an arm's length basis of Rs. 3.43 Lacs.	22-03-2014	Nil
5.	Modi-Mundipharma Pvt. Ltd.	Mr. U. K. Modi, Mrs. Kumkum Modi and Mr. Abhishek Modi are common directors	01-04-2014 to 31-03-2015	Recovered for expenses incurred at an arm's length basis of Rs. 0.12 Lacs	22.03.2014	Nil

## ANNEXURE - E

Form No. MGT - 9  
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

## I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L27106JH1982PLC001633
ii) Registration Date	16.04.1982
iii) Name of the Company	BIHAR SPONGE IRON LIMITED
iv) Category/Sub-Category of the Company	COMPANY LIMITED BY SHARES/ NON-GOVERNMENT COMPANY
v) Address of the Registered office and contact details	UMESH NAGAR, CHANDIL, DISTT. SARAIKELA- KHARSAWAN, JHARKHAND-832401 email: companysecretary@bsil.org.in / Web: www.bsil.org.in
vi) Whether listed company	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent	M/s BEETAL FINANCIAL & COMPUTER SERVICES PRIVATE LIMITED BEETAL HOUSE, 99, MADANGIR, BEHIND LOCAL SHOPPING COMPLEX, NEW DELHI-110062

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

\*Chandil Power Limited ceased to be subsidiary of the Company w.e.f. 29th September, 2014.

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

## i) Category-wise Shareholding

Category of	No. of Shares held at the beginning of the year				No. of Shares held at the end of the years				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	3739164	25850	3765014	4.17	3765014	NIL	3765014	4.17	NIL
(b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) State Govt(s)	6759960	NIL	6759960	7.49	6759960	NIL	6759960	7.49	NIL
(d) Bodies Corp.	19527305	32500300	52027605	57.68	19527305	32500300	52027605	57.68	NIL
(e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub - total (A) (1):-</b>	<b>30026429</b>	<b>32526150</b>	<b>62552579</b>	<b>69.34</b>	<b>30026429</b>	<b>32526150</b>	<b>62552579</b>	<b>69.34</b>	<b>NIL</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Banks/ FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e) Any Other...	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub - total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>30026429</b>	<b>32526150</b>	<b>62552579</b>	<b>69.34</b>	<b>30026429</b>	<b>32526150</b>	<b>62552579</b>	<b>69.34</b>	<b>NIL</b>
<b>B. Public Shareholding (s)</b>									
<b>1. Institutions</b>									
a) Mutual Funds	38070	26480	64550	0.07	38070	26480	64550	0.07	NIL
b) Banks/FI	113600	2220	115820	0.13	113600	2220	115820	0.13	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	668584	NIL	668584	0.74	668584	NIL	668584	0.74	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(1):-</b>	<b>820254</b>	<b>28700</b>	<b>848954</b>	<b>0.94</b>	<b>820254</b>	<b>28700</b>	<b>848954</b>	<b>0.94</b>	<b>NIL</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.	2909236	134550	3043786	3.37	2737933	133950	2871883	3.18	(0.19).
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	8802215	6691229	15493444	17.18	8498359	6643979	15142338	16.79	(0.39).
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh	6928250	104153	7032403	7.80	7541973	82483	7624456	8.45	0.65
c) Others (specify)									
Trusts	120	NIL	120	0.00	820	NIL	820	0.00	NIL
Foreign Nationals	100	NIL	100	0.00	100	NIL	100	0.00	NIL
NRI	280436	356105	636541	0.71	256983	352695	609678	0.68	(0.03).
Clearing Members	10085	NIL	10085	0.01	5109	NIL	5109	0.01	NIL
HUF	587391	NIL	587391	0.65	549486	NIL	549486	0.61	(0.04).
<b>Sub-total (B)(2):-</b>	<b>19517833</b>	<b>7286037</b>	<b>26803870</b>	<b>29.71</b>	<b>19590763</b>	<b>7213107</b>	<b>26803870</b>	<b>29.71</b>	<b>NIL</b>
<b>Total Public Shareholding (B) = (B) (1)+ (B) (2)</b>	<b>20338087</b>	<b>7314737</b>	<b>27652824</b>	<b>30.66</b>	<b>20411017</b>	<b>7241807</b>	<b>27652824</b>	<b>30.66</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>50364516</b>	<b>39840887</b>	<b>90205403</b>	<b>NIL</b>	<b>50437446</b>	<b>39767957</b>	<b>90205403</b>	<b>NIL</b>	<b>NIL</b>

## (ii) Shareholding of Promoters

S.N. Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Share	% of total of the Co.	% of shares Pledged/ encumbered to total shares	No. shares	% of total of the Co.	% of shares Pledged/ encumbered to total shares	
1 Abhishek Kumar Modi	1100	0.00	0	1100	0.00	0	NIL
2 Hemani Modi	1100	0.00	0	1100	0.00	0	NIL
3 Seth Umesh Kumar Modi (HUF)	2750	0.00	0	2750	0.00	0	NIL
4 Kumkum Modi	5500	0.01	0	5500	0.01	0	NIL
5 Meghna Modi	15400	0.02	0	15400	0.02	0	NIL
6 Umesh Kumar Modi	3739164	4.15	0	3739164	4.15	0	NIL
7 Bihar State Industrial Development Corp. Ltd.	6759960	7.49	0	6759960	7.49	0	NIL
8 Abhikum Leasing and Investment Pvt Ltd.	500	0.00	0	500	0.00	0	NIL
9 A to Z Holding Pvt. Ltd.	1700500	1.89	0	1700500	1.89	0	NIL
10 Modi Industries Limited	1999960	2.22	0	1999960	2.22	0	NIL
11 Longwell Investment Pvt. Ltd.	4033012	4.47	0	4033012	4.47	0	NIL
12 Moderate Leasing and Capital Services Ltd.	44293633	49.10	36.03	44293633	49.10	36.03	NIL
<b>Total</b>	<b>62552579</b>	<b>69.35</b>	<b>36.03</b>	<b>62552579</b>	<b>69.35</b>	<b>36.03</b>	<b>NIL</b>

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

Sl.No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of share	% of total of the company	No. of shares	% of total of the company
No Change				

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

Sl. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bishwanath Prasad Agarwal				
	At the beginning of the year	5,41,000	0.6	5,41,000	0.6
	11/4/2014	Transfer (+) 997	0	5,41,997	0.6
	18/4/2014	Transfer (+) 16,810	0.02	5,58,807	0.62
	25/4/2014	Transfer (+) 2,371	0	5,61,178	0.62
	2/5/2014	Transfer (+) 33,557	0.03	5,94,735	0.65
	9/5/2014	Transfer (+) 1,36,944	0.15	7,31,679	0.81
	16/5/2014	Transfer (+) 32,420	0.04	7,64,099	0.85
	23/5/2014	Transfer (+) 77,435	0.08	8,41,534	0.93
	30/5/2014	Transfer (+) 11,593	0.01	8,53,127	0.94
	6/6/2014	Transfer (+) 7,574	0.01	8,60,701	0.95
	13/6/2014	Transfer (+) 17,529	0.02	8,78,230	0.97
	At the end of the year			8,78,230	0.97
2	Satish Chandra Gangwar				
	At the beginning of the year	7,00,001	0.78	7,00,001	0.78
	24/10/2014	Transfer (+) 13,996	0.01	7,13,997	0.79
	31/10/2014	Transfer (+) 7,903	0.01	7,21,900	0.80
	14/11/2014	Transfer (+) 797	0	7,22,697	0.80
	At the end of the year			7,22,697	0.80
3	Modi Rubber Limited				
	At the beginning of the year	6,80,001	0.75	6,80,001	0.75
	At the end of the year			6,80,001	0.75
4	Hansa Radia				
	At the beginning of the year	6,73,419	0.75	6,73,419	0.75
	At the end of the year			6,73,419	0.75
5	Deutsche Securities Mauritius Limited				
	At the beginning of the year	4,82,210	0.53	4,82,210	0.53
	At the end of the year			4,82,210	0.53
6	Rekha Mody				
	At the beginning of the year	413199	0.46	413199	0.46
	At the end of the year			413199	0.46
7	Khubchand T Jivnani				
	At the beginning of the year	140830	0.16	140830	0.16
	9/5/2014	Transfer (+) 9,770	0.01	1,50,600	0.17
	16/5/2014	Transfer (+) 1767	0	1,52,367	0.17
	23/5/2014	Transfer (+) 6,933	0.01	1,59,300	0.18
	30/5/2014	Transfer (+) 2,103	0	1,61,403	0.18
	6/6/2014	Transfer (+) 195	0	1,61,598	0.18
	13/6/2014	Transfer (+) 402	0	1,62,000	0.18
	20/6/2014	Transfer (+) 6112	0	1,68,112	0.18
	30/6/2014	Transfer (+) 10388	0.01	1,78,500	0.19
	18/7/2014	Transfer (+) 17,916	0.02	1,96,416	0.21
	25/7/2014	Transfer (+) 6,134	0.01	2,02,550	0.22
	15/08/2014	Transfer (+) 500	0	2,03,050	0.22
	22/08/2014	Transfer (+) 20,000	0.02	2,23,050	0.24
	5/9/2014	Transfer (-) 44,718	(0.04)	1,78,332	0.20
	12/9/2014	Transfer (+) 58,089	0.06	2,36,421	0.26
	30/9/2014	Transfer (-) 5421	(0.01)	2,31,000	0.25
	7/11/2014	Transfer (+) 10,000	0.01	2,41,000	0.26
	12/12/2014	Transfer (+) 15,000	0.02	2,56,000	0.28
	19/12/2014	Transfer (+) 5,000	0	2,61,000	0.28
	31/12/2014	Transfer (+) 12,771	0.02	2,73,771	0.30
	2/1/2015	Transfer (+) 1,629	0	2,75,400	0.30
	9/1/2015	Transfer (+) 5,397	0.01	280,797	0.31
	16/01/2015	Transfer (+) 436	0	2,81,233	0.31

	23/01/2015	Transfer	(+) 9,577	0.01	2,90,810	0.32
	30/01/2015	Transfer	(+) 16120	0.02	3,06,930	0.34
	6/2/2015	Transfer	(+) 3740	0	3,10,670	0.34
	13/02/2015	Transfer	(+) 6260	0.01	3,16,930	0.35
	27/02/2015	Transfer	(+) 4,973	0.01	3,21,903	0.36
	13/03/2015	Transfer	(+) 1,131	0	3,23,034	0.36
	20/03/2015	Transfer	(+) 1,682	0	3,34,716	0.36
	At the end of the year				3,34,716	0.36
8	Mahendra Girdharilal					
	At the beginning of the year		2,38,157	0.26	2,38,157	0.26
	At the end of the year				2,38,157	0.26
9	Jaykum Investment Pvt. Ltd.					
	At the beginning of the year		2,36,370	0.26	2,36,370	0.26
	At the end of the year				2,36,370	0.26
10	Indian Sulphacid Industries Limited					
	At the beginning of the year		2,34,693	0.26	2,34,693	0.26
	At the end of the year				2,34,693	0.26

**(v) Shareholding of Directors and Key Managerial Personnel:**

S.No.	For Each of the Director and KMP Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Co.	No. of Shares	% of total shares of the Co.
1	<b>Umesh K. Modi, Director &amp; Chairman</b>				
	At the beginning of the year	3739164	4.15		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the end of the year	3739164	4.15		
2	<b>Satish Kumar Gupta, Director (Works) &amp; KMP</b>				
	At the beginning of the year	400	0		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the end of the year	400	0		
3	<b>Kumkum Modi, Director</b>				
	At the beginning of the year	5500	0.01		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the end of the year	5500	0.01		
4	<b>Abhishek Modi, Director</b>				
	At the beginning of the year	1100	0		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the end of the year	1100	0		
5	<b>Jagan Nath Khurana, Director</b>				
	At the beginning of the year	710	0		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the End of the year	710	0		
	<b>Other KMP's</b>				
1	<b>Bal Kishan Goel, Chief Financial Officer</b>				
	At the beginning of the year	NIL	NIL		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the End of the year	NIL	NIL		
2	<b>Manoj Kumar, Company Secretary</b>				
	At the beginning of the year	NIL	NIL		
	Date wise increase/decrease in shareholding during the year	NIL	NIL		
	At the End of the year	NIL	NIL		

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding / accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	325000000	686390276	NIL	1011390276
ii) Interest due but not paid	274619219	96283334	NIL	370902553
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	599619219	782673610	NIL	1382292829
<b>Change in Indebtedness during the financial year</b>				
· Addition	NIL	15600	NIL	15600
· Reduction	NIL	4500000	NIL	4500000
<b>NetChange</b>	NIL	(4484400)	NIL	(4484400).
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	325000000	686000549	NIL	1011000549
ii) Interest due but not paid	274619219	92188661	NIL	366807880
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	599619219	778189210	NIL	1377808429



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Satish Kumar Gupta, Director (Works) Whole-Time Director & Key Managerial Personnel	Total Amount
1	Grosssalary		
(a)	Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	2,92,805	2,92,805
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2,700	2,700
	Total (A)	295505*	2,95,505
	Ceiling as per the Act Rs. 30,00,000 (Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013)		
	* Mr. Satish Kumar Gupta has waived off his remuneration w.e.f. 13th December, 2013 to 12th December, 2014		

## B. Remuneration to other directors:

1. Independent Directors	B. D. GARG	J. C. CHAWLA	J. N. KHURANA	SHYAM VYAS	G. C. JAIN	MADAN LAL	
Fee for attending board / committee meetings	15,000	45,000	5,000	4,000	15,000	12,000	96,000

## 2. Other Non-Executive Directors

No fee or commission was paid to Non-Executive Directors during the year

\* Company provides Rs. 1000 per meeting as a sitting fee to Independent Directors only according to their presence in the meeting.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		B. K. Goel CFO	Manoj Kumar Company Secretary	
1.	Gross salary			
(a)	Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	3,03,324	4,93,439	7,96,763
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2,38,924	3,88,706	6,27,630
	Total	5,42,248	882,145	14,24,393

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

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

## ANNEXURE- F

**SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2015**

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

To,  
The Members  
BIHAR SPONGE IRON LTD.  
Umesh Nagar, Chandil  
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, 2015, 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, 2015 according to the provisions of undernoted Acts, regulations and guidelines as applicable to the Company:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations. 2008;
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (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 Sick Industrial Companies (Special Provisions) Act, 1985

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. *That the Plant has been in closed position since 09.08.2013 and there was restriction in entry to factory premises because of labour unrest due to which certain registers/records including fixed assets register could not be produced for verification. Hence, information/documents were verified to the extent possible.*
2. *That due deductions have been made from the salaries of the employees of the company as required under the Employees Provident Fund and Miscellaneous Provision Act, 1952 and schemes there-under and that such deductions have been paid to the authorities within stipulated time allowed by law except EPF of Rs.47.85 Lac and FPF of Rs. 5.87 Lac for the year ending 31.03.2014 and EPF Rs. 7.74 Lac and FPF Rs. 2.37 Lac for the year ending 31.03.2015.*
3. *That all sums required to be paid for Excise Duty and Service Tax have been paid to the credit of Central Government except Service Tax of Rs. 16.48 Lac for the year ending 31.03.2014 and Rs. 19.12 Lac for the year ending March 2015*

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 notice is 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.

We further report as under:

1. The Company was declared Sick Industrial Company in terms of section 3(1) clause (o) of The Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble Board of Industrial & Financial Reconstruction (BIFR) vide case no. 69/1996 on 19.12.1996. The latest status as informed by the company is that it had paid all installments on principle and interest in terms of the sanctioned Rehabilitation Scheme dated 29th July, 2004 by Hon'ble Board for Industrial and Financial Reconstruction (BIFR). However, in the review meeting held on 03.09.2007 and 22.09.2011, BIFR passed orders that the installment payment to foreign lenders during the period from July, 2004 to September, 2011 will be serviced by the Company in EURO. The exchange difference to be borne by the Company. The Company filed appeal with AAIFR, which was finally dismissed on 22.02.2012.

In the last review hearing held on 20th January 2014, the Hon'ble Bench of BIFR issued directions to the Ministry of Coal, Central Coalfields Ltd. and Coal India Ltd. to extend regular supply of coal as per Coal Linkage with CCL and submit report within a month and the Company was directed to update the position of Writ Petition filed before Hon'ble Jharkhand High Court, Ranchi as and when the final decision is arrived at.

No review hearing has been held after 20th January, 2014 as informed by the Company.

2. The company had Chandil Power Limited as its subsidiary company in accordance with section 2(87) of The Companies Act, 2013 pursuant to a supply agreement entered between them on 15.06.2010 to sell the waste heat gases emitted during the manufacture of sponge iron by BSIL. Subsequently, the parties entered into and executed a Supplementary Agreement dated 26th June, 2010 wherein it was agreed that BSIL shall have the right and shall be entitled to nominate Director(s) in the Company in view of the tenure of the aforementioned agreements and the critical nature thereof. In terms of the said Supplementary Agreement, the Chandil Power Limited had accordingly amended its Articles of Association. It was further informed that with termination of the above said supplementary agreement dated 26th June, 2010, Chandil Power Limited ceased to be the subsidiary of the Bihar Sponge Iron Limited w.e.f. 29th September, 2014.
3. As informed by the Company, Ministry of Coal, Government of India vide its letter No. 38011/2007-CA/1 dated 5th August, 2008 allocated Macherkunda Coal Block to the Company for captive mining of the Coal to meet its coal requirement. Despite its best efforts, the Company could not achieve all the milestones enumerated as condition of allocation of coal block due to issues relating to environment as some of the area fell within the Forest/ Tiger Reserve and land transfer related issues vis-à-vis CCL. Ministry of Coal vide letter dated 20/11/2012 de-allocated the Macherkunda Coal Block to the Company. In spite of de-allocation of Mine, Central Coalfield Limited (CCL), Ranchi stopped the supplies of coal from February, 2013 and have been forcing the Company to enter into a fresh Fuel Supply Agreement (FSA) with the condition to reduce the quantity by 25% per year of current Fuel Supply Agreement (FSA) and in 3 years it will become zero and pay 40% premium on the price list of Coal India Limited under Tapering Linkage Policy, as per the policy guidelines of Ministry of Coal's letter issued on 26th Feb., 2007. Further the Company has also requested to CCL on 16th April, 2013 to enter into a fresh Fuel Supply Agreement (FSA) with the existing terms and conditions as our Fuel Supply Agreement was expiring on 30th April, 2013. CCL Refused to renew the FSA on the existing terms and conditions and advised us to get the instructions from the Ministry of Coal to renew the FSA under the tapering basis coal linkage as its coal block was already de-allocated and rationale of tapering coal linkage did not exist. As a result, due to lack of Coal Supply the Company was forced to stop its production from 9th August, 2013. The Company filed a writ Petition No. 1660 of 2013 Dated 26.6.2013 requesting the Hon'ble High Court, Ranchi to help us in getting normal coal supply. However in due course on informal suggestion of CIL/CCL, the /company has withdrawn the Writ Petition. Due to complete stoppage of coal supply, the factory was closed on 9th August, 2013.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the audited financial statements for the year ended on 31.03.2015 for the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. That the details of disputed liabilities and demands raised by various authorities including Customs, Jharkahnd VAT, Central Sales Tax, Dy/Asstt Commissioner for Electricity and Water Charges, Railway Authorities, Income Tax Authorities, Bank Guarantees, disputed liability on account of Currency Fluctuation that have not been acknowledged as debts by the company have been detailed in Note III being 'Other Notes Required By Part I & Part II of Schedule III' under the sub head 1. Contingent Liabilities. We have relied on the statement issued by the company and as incorporated in the audited Financial Statements for the year ending 31.03.2015.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For R. Singhal & Associates  
Company Secretaries

(Rahul Singhal)  
Prop.  
M. No. 29599

PLACE: NEW DELHI  
DATED: 12.05.2015

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
BIHAR SPONGE IRON LIMITED**Report on the Financial Statements**

We have audited the accompanying financial statements of BIHAR SPONGE IRON LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over the financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

**Basis for Qualified Opinion**

*The management has prepared the financial statements on the basis of going concern perhaps based on the facts that the Modified Draft Rehabilitation scheme has been submitted by the company on 03.12.2012 and the same is under the consideration BIFR. In our opinion the going concern concept is likely to be appropriate only if the modified rehabilitation scheme referred to above is approved by the BIFR with or without modifications.*

*In the meanwhile following liabilities may or may not materialised depending upon the final outcome of the dispute, have not been provided:-*

- i. *Non recognition of liability on account of currency fluctuations on foreign currency loan and interest thereon (as required under Accounting Standard – 11, Revised) amounting to Rs. 2,32,381 thousand as provided in the BIFR Scheme dt. 29.07.2004 and also confirmed by AAIFR/ Single Bench of Jharkhand High Court, Ranchi since the company against the order of Single Bench of High Court, has filed Letters Patent Appellate Jurisdiction (LPA) before the Divisional Bench of High Court of Jharkhand, Ranchi (refer other note no. 3(II) appearing in Annexure -1)*
  - ii. *Non recognition penalty of Rs. 21,528 thousands recovered by South Eastern Coal Fields Ltd. On account of short lifting of coal quantity in terms of Fuel Supply Agreement since the matter has been disputed by the Company under writ petition filed before the Hon'ble High Court of Chhattisgarh (refer other note no 5 of Annexure I)*
  - iii. *No provision has been made in the books of accounts in respect of the undernoted items of expense in view of Shutdown of the Plant & Suspension of operations since 10<sup>th</sup> August, 2013 as well as other reasons contented by the company:-*
    - a. *Interest on unsecured loan taken from Promoters and other parties from 10.08.2013 to 31.03.2015( amount unascertained) (refer note 10 (a) of Annexure I).*
    - b. *Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 amounting to Rs. 81,331 thousands from 10.08.2013 to 31.03.2015 which is subject to representation for waiver(refer note 10(b) of Annexure I) and approval thereof by the lender.*
    - c. *Salaries, Wages, Allowances, Contribution to PF including interest on overdue amount as well as employee benefit expenses w.e.f. 10.08.2013 to 31.03.2015, (amount unascertained) (refer note 10(c) of Annexure I)*
- Taking into consideration non provision of likely liabilities mentioned paragraph I, II and III(b) above.*
- a) *Loss for the year would have been more by Rs. 3,35,240 thousand as compared to the disclosed loss of Rs. 73,614 thousand.*
  - b) *Accumulated losses would have been Rs.26,55,564 thousand as compared to disclosed losses of Rs. 23,20,324 thousand.*
  - c) *The above losses is however subject to ascertainment of liabilities as mentioned in Para iii (a) and iii(c).*

**Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a. *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;*
- b. *in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and*
- c. *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable to the company.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought & obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.

- e. The matter described in the basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- f. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, we report that none of directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of section 164(2) of the Act.
- g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the possible impact of pending litigations on its financial position in its financial statements –Refer other notes III of Annexure I (1) (i) to (ix) to the financial statements;
  - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

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

Place : New Delhi  
Dated :12<sup>th</sup> May, 2015

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

### **Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of Independent Auditors’ Report of even date on the financial statements for the year ended March 31, 2015**

#### **i) Fixed Assets**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The Company has a programme of verifying all of the fixed assets over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of assets. *Since the plant is under shut down from the previous year, hence no physical verification of Fixed Asset has been carried out by the management during the year as such we are unable to comment on the discrepancies, if any, between the physical balance and book balance and their adjustment in the books of accounts at the year end.*

#### **ii) Inventories**

- a) The stock of finished goods, stores, spare parts and raw materials *have not been physically verified by the management at reasonable intervals during the year since the plant has been under shut down and operations suspended w.e.f. 10.08.2013.*
- b) The company has the procedures of physical verification of inventories followed by the management which are reasonable and adequate in relation to the size of the Company and nature of its business, *however no physical verification has been carried out during the year ended 31.03.2015 in view of the fact stated at (ii) a) above.*
- c) The company has maintained proper records of inventory showing full details regarding quantity of receipts, issues, balances and dates of transactions. *Since no physical verification of inventories were carried out during the year hence the question of discrepancies, if any, observed and their adjustment in the books of account does not arise.*

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

The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act as such Para (a) & (b) of clause 3 (iii) are not applicable.

#### **iv) Internal Control**

In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets, and for sale of goods and services. *However, there is a need of strengthening internal control with respect to obtaining of confirmation of balances from major parties.*

There are no continuing failures to correct matters in respect of lack of adequacy of internal controls brought to the notice.

#### **v) Deposits**

The Company has not accepted any deposits from the public which are covered under the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder.

#### **vi) Cost Records**

The maintenance of Cost Records has been specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013. Since there have been no operations during the Financial year 2014-15, no records have been made & maintained by the company.

#### **vii) Statutory Dues**

- a) According to the books and records, examined by us and information and explanations given to us, *the company has not been regular in depositing the undisputed Statutory dues with the appropriate authorities including Provident Fund, Income Tax(TDS &TCS), Sales Tax, Service Tax, Excise duty, Value Added Tax, Cess & other applicable statutory dues during the year except that, the amount of excise duty of earlier year has been deposited by the company during the financial year along with interest.*

The arrears on account of such statutory dues as at the end of the financial year 31<sup>st</sup> March 2015 for a period of more than six month from the date they become payable are Service Tax: Rs 2,348 thousand, Provident fund: Rs 5,123 thousand: Family Pension Scheme: Rs. 703 thousand, Income Tax (TDS/TCS)Rs. 4054 thousand, Electricity Duty: 320 thousand and Cess Rs. 100 thousand.

b) The details of dues of sales tax, custom duty, excise duty, trade tax and cess etc. which have not been deposited on account of dispute are given hereunder:

	Name of the Statute	Forum where Dispute pending	Nature of dues	Period of Dispute	Amount Rs. Thousand
1.	The Customs Act, 1962	CESTAT, Kolkata	Custom Duty & Demurrage	1981-92	10,427
			Charges and interest on imported Stores & spare parts	1994-95	5,032
2.	JVAT Act, 2005	Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur, who has recommended case on 08.10.2013 to DCIT to verify and allow credit for taxes, if any, paid earlier.	Tax on non-submission of JVAT Forms	2006-07	2,397
3.	The Central Sales Tax Act, 1956	Jt. Commissioner of Commercial Taxes (Appeals).	Tax on non-submission of 'C' Forms	2006-07	311
4.	JVAT Act, 2005	Disputed demand for JVAT for the F.Y. 2010-11 u/s 70(5)(b) under appeal before the Jt. Comm. of Commercial Taxes (Appeals), Jsr. However stay has been granted on 20.01.2012 (Amount paid on appeal Rs. 5.88 lacs)	Tax on JVAT	2010-11	5,879
		Demand raised by DCCT, Jsr for tax due and/penalty imposed or interest payable under JVAT Act, 2005 of the F.Y. 2010-11 under dispute before JCCT, Jsr (Amount paid on appeal Rs. 15 lacs on 19.10.2012)	Tax on JVAT	2010-11	24,786
5.	Finance Act, 1994	The Commissioner of Appeals Central Excise & Service Tax, Ranchi	Recovery of Irregular Cenvat Credit, Cess availed and Penalty thereon	2009-10	123
6.	Income Tax Act, 1961	The Commissioner of Income Tax (Appeals), JSR	Short deduction/ collection of Tax at Source with interest and penalty	2004-05 to 2008-09	8,334

The above does not include the amount of assessed tax & penalty demand for JVAT of Rs. 22,117 thousand, CST Rs. 73,645 thousand and Electricity Duty of Rs.2,281 thousand for which the company is contemplating to file appeals before the appropriate authorities (refer note on contingent liabilities (Annexure I/ para III on the Basis of Qualified Opinion of our report ).

- c) The Company is not required to transfer any amount to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act 2013 and rules made thereunder.
- viii) The accumulated losses of the company at the end of the financial year March 31, 2015 substantially exceeds its net worth and the company was declared as Sick industrial undertaking in 1996. Further the Company has incurred cash losses during the current financial year and in the immediately preceding financial year
- ix) The company has not defaulted in payment of dues to financial institutions/Banks. There has been no debenture in the company.
- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xi) The term loans taken by the Company have been applied for the purpose for which they were obtained, however there has been no term loans obtained during the year under audit.
- xii) Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the year under audit.

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

Place : New Delhi  
Dated : 12<sup>th</sup> May, 2015

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

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

Rs. 000'

PARTICULARS	Note. No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	902531	902531
(b) Reserves and Surplus	2	(1671168)	(1470636)
		<u>(768637)</u>	<u>(568105)</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	686001	686390
(b) Other Long Term Liabilities	4	8090	8120
(c) Long Term Provisions	5	47172	45124
		<u>741263</u>	<u>739634</u>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	193133	203834
(b) Other Current Liabilities	7	772026	781380
(c) Short-Term Provisions	8	2679	1902
		<u>967838</u>	<u>987116</u>
<b>Total</b>		<u>940464</u>	<u>1158645</u>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	9	652439	823842
(ii) Intangible Assets	10	76	268
(iii) Capital Work in Progress	11	28128	27354
(iv) Intangible Assets under development	12	4725	5619
		<u>685368</u>	<u>857083</u>
(b) Deferred Tax Assets (net)	13	-	-
(c) Long term Loans and Advances	14	38927	38927
(d) Other Current Assets	15	7751	6902
		<u>46678</u>	<u>45829</u>
<b>(2) Current Assets</b>			
(a) Inventories	16	74481	76352
(b) Trade Receivables	17	1138	4738
(c) Cash and Cash Equivalents	18	101579	109865
(d) Short-term Loans and Advances	19	31220	64778
		<u>208418</u>	<u>255733</u>
<b>Total</b>		<u>940464</u>	<u>1158645</u>

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

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

S.K. Gupta  
**(Director- Works)**  
[DIN 03537417]

B.K. Goel  
**(Chief Financial Officer)**  
M.No. 086168

**Directors**  
B.D. Garg - [00002792]  
J.C. Chawla - [05316202]  
J.N. Khurana - [00003817]  
Madan Lal - [00272672]  
R.K. Agarwal - [00298252]

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

Manoj Kumar  
**(Company Secretary)**  
M.No. F6698

Place : New Delhi  
Date : 12.05.2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

Rs. 000'

PARTICULARS	Note. No.	Year Ended 31.03.2015	Year Ended 31.03.2014
I Revenue from operations	20	-	190970
II Other Income	21	20866	27560
III <b>Total Revenue (I +II)</b>		<b>20866</b>	<b>218530</b>
IV <b>Expenses:</b>			
Cost of materials consumed	22	-	121207
Changes in inventories of finished goods,work-in-progress and Stock-in-Trade	23	-	47714
Employee benefits expense	24	15077	66791
Finance costs	25	5193	38943
Depreciation and amortization expense	26	44670	34298
Other expenses	27	17915	76666
<b>Total Expenses (IV)</b>		<b>82855</b>	<b>385619</b>
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(61989)	(167089)
VI Exceptional items Income/(Expenses)	28	(11625)	(10341)
VII Profit/(Loss) before extraordinary items and tax (III-IV)		(73614)	(177430)
VIII Extraordinary Items		-	-
IX Profit / (Loss) before tax (VII - VIII)		(73614)	(177430)
X <b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total		-	-
XI Profit/(Loss) for the year		(73614)	(177430)
XVI Earning per equity share:	29		
(1) Basic		(0.82)	(1.97)
(2) Diluted		(0.82)	(1.97)

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

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

S.K. Gupta  
**(Director- Works)**  
[DIN 03537417]

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

Manoj Kumar  
**(Company Secretary)**  
M.No. F6698

Place : New Delhi  
Date : 12.05.2015



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH , 2015

Rs. 000'

	As at March 31, 2015	As at March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax and extraordinary items	(73614)	(177430)
Adjustments for :		
Depreciation	44,670	34298
Interest Expense	5193	38943
Interest Income	(6500)	(6432)
Fixed Assets Retired & Written Off	69	-
Bad Debts Written Off	75	-
Reversal of excess provisions made in earlier year	(325)	(1707)
Debit / Credit Balances writtenoff	(18)	(2077)
Provision for Doubtful Debts	4585	-
Exceptional Items (Income) / Expenses	11625	10341
	<u>59374</u>	<u>73367</u>
<b>Operating profit/(Loss) before working capital changes</b>	<b>(14240)</b>	<b>(104064)</b>
Change in Working Capital :		
(Increase) / Decrease in Trade Receivables/long/short term loans and advances	20874	2946
(Increase) / Decrease in Inventories	1872	103687
(Increase) / Decrease in Trade Payable and Provisions	(13734)	(19052)
	<u>9012</u>	<u>87581</u>
<b>Cash (used in) / generated from operations</b>	<b>(5228)</b>	<b>(16483)</b>
Income Tax paid / (Refund)	952	(492)
<b>Net Cash (used in) / generation from operating activities</b>	<b>(4276)</b>	<b>(16974)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	5590	11173
Purchase of fixed assets (including WIP)	(836)	(847)
Proceeds from Sales of fixed assets	-	-
<b>Net Cash (used in)/flow from investing activities</b>	<b>4754</b>	<b>10326</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long/Short term borrowings	16	3803
Interest paid	(8375)	(2496)
Repayment of long/short term borrowings	(405)	-
<b>NET CASH FLOWS FROM /(USED IN) FINANCING ACTIVITIES</b>	<b>(8765)</b>	<b>1306</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(8287)</b>	<b>(5342)</b>
Cash and Cash equivalents at beginning of period	109865	115207
<b>Cash and Cash equivalents at end of the period</b>	<b>101579</b>	<b>109865</b>

Note No.17

Notes:-

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

S.K. Gupta  
(Director- Works)  
[DIN 03537417]

B.K. Goel  
(Chief Financial Officer)  
M.No. 086168

Manoj Kumar  
(Company Secretary)  
M.No. F6698

**Directors**  
B.D. Garg - [00002792]  
J.C. Chawla - [05316202]  
J.N. Khurana - [00003817]  
Madan Lal - [00272672]  
R.K. Agarwal - [00298252]

Place : New Delhi  
Date : 12.05.2015

**Auditor's Certificate**

We have certified the above consolidated Cash Flow Statement of Bihar Sponge Iron Limited, Registered Office, Umesh Nagar, Chandil, Distt Saraikela Kharsawan, Jharkhand, Derived from the audited Statement for the year ended 31<sup>st</sup> March, 2015 and other records and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges.

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

Place : New Delhi  
Date : 15.05.2015

M.P. Thakur  
Partner  
Membership no. 052473

Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2015

## NOTE - 1 : SHARE CAPITAL

Rs. 000"

PARTICULARS	As at 31.03.2015	As at 31.03.2014
<b>Authorised Capital</b>		
100,000,000 Equity Shares of Rs. 10 each (P.Y. 100,000,000)	<u>1000000</u>	<u>1000000</u>
	<u>1000000</u>	<u>1000000</u>
<b>Issued, Subscribed and Paid Up Capital</b>		
90,205,403 Equity Shares of Rs. 10/- each fully paid in cash (P.Y. 90,205,403)	<u>902054</u>	<u>902054</u>
Add: Forefeited Shares (amount originally paid-up)	<u>477</u>	<u>477</u>
<b>Total</b>	<u>902531</u>	<u>902531</u>

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

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

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

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

c) Shareholders holding more than 5% of aggregate shares in the Company :

Particulars	31 <sup>st</sup> March, 2015		31 <sup>st</sup> March, 2014	
	No. of shares	% held	No. of shares	% held
Moderate Leasing & Capital Services Ltd	<b>44293633</b>	<b>49.10%</b>	44293633	49.10%
Bihar State Industrial Development Corpn. Ltd.	<b>6759960</b>	<b>7.49%</b>	6759960	7.49%

## NOTE - 2 : RESERVES AND SURPLUS

Rs. Lacs

PARTICULARS	As at 31.03.2015	As at 31.03.2014
<b>Capital Reserve:</b>		
Opening balance	<u>1500</u>	<u>1500</u>
<b>Securities Premium Reserve</b>		
Opening balance	<u>236338</u>	<u>236338</u>
<b>Revaluation Reserve</b>		
As per last account	<u>411317</u>	<u>435999</u>
Less: Trfd to Statement of Profit & Loss	<u>-</u>	<u>24682</u>
Closing balance	<u>411317</u>	<u>411317</u>
<b>Surplus</b>		
Loss at the beginning of the year	<u>(2119791)</u>	<u>(1942361)</u>
Depreciation on assets where remaining useful life expired (Refer note no. 26)	<u>(126918)</u>	<u>-</u>
Loss as per Statement of Profit & Loss	<u>(73614)</u>	<u>(177430)</u>
Closing balance	<u>(2320323)</u>	<u>(2119791)</u>
<b>Total</b>	<u>(1671168)</u>	<u>(1470636)</u>

## NOTE - 3: LONG TERM BORROWINGS

## Secured :

## Term Loan - Foreign Currency

- Refer (a) below

## Unsecured:

Deposits

Loans & Advances From Related Parties

- Body Corporates

- Directors

Loan & Advances from other than Related Parties

- A Body Corporates

## Total

	—	—
	<u>416226</u>	<u>416210</u>
	<u>3795</u>	<u>4200</u>
	<u>265980</u>	<u>265980</u>
<b>Total</b>	<u>686001</u>	<u>686390</u>

a) Disputed liability amounting to Rs.232381 thousands (P.Y. Rs.275409 thousands) on account of currency fluctuations on Foreign currency loans obtained by the Company and interest thereon, as per BIFR scheme dated 29.07.2004 and also confirmed by AAIFR/Single Bench of Jharkhand High Court, has not been provided by the Company pending disposal of Letters Patent Applet Jurisdiction (LPA) filed before the divisional bench of the Jharkhand High Court, Ranchi, against the above order.

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

c) Working Capital Loans from Banks are secured by first charge by way of Hypothecation of all the stocks of the raw materials, semi finished and finished goods, consumable stores, spares, book debts etc. ranking pari-passu. There has been no balance of working capital loans since earlier years.

- d) Soft Loan (including interest thereon) under Jharkhand Industries Rehabilitation Scheme, 2003 from the State Government of Jharkhand are secured by
- A mortgage of all immovable properties both present and future; and a charge by way of hypothecation in favour of the lender of all the movable, including movable machinery, machinery spares, tools and accessories, present and future, stock of raw materials, semi-finished goods, consumable stores and such other movables as may be agreed upon
  - Additionally secured by way of pledge of new equity share capital of Rs.325000 thousands allotted to the private promoter. (MLCSL)  
The mortgage and charge referred to in (i) and (ii) mentioned above; shall be in terms of the Rehabilitation Scheme 2003 of the Government of Jharkhand Sanctioned by the BIFR and be subject and subservient to the mortgages and charges created and / or to be created in favour of the secured creditors.
- e) The amount of term loans (included foreign currency loans) of Rs.700000 thousands as per BIFR scheme dated 29.04.2004 was repayable in 30 quarterly instalments of Rs.23333 thousands each commencing from 15<sup>th</sup> July 2004 to 30<sup>th</sup> September, 2011 which has been fully repaid except the element of disputed liability on account of currency fluctuation as stated (a) above. The modification / satisfaction of the charges to this extent is still in the process of filing.
- f) As per para 8.4 of the sanctioned BIFR Scheme dated 29.07.2004, the interest on Soft loan under Rehabilitation Scheme, 2003 from Govt. of Jharkhand shall be funded over the entire rehabilitation period i.e. upto 30.09.2011. The Soft loan and the funded interest is repayable after 30.09.2011 and the defaulted amount of Principal and interest as on 31.03.2015 comes to Rs.325000 thousands and Rs.355950 thousands (ply Rs. 325000 thousands and Rs. 305145 thousand) respectively, for which the company has approached Government of Jharkhand for reschedulement which has also been proposed in the Modified Draft Rehabilitation Scheme filed before the BIFR.
- g) A sum of Rs. 265980 thousands payable against the acceptance as on 31-3-2013 has been transferred to long term borrowing and shown as loans and advances from a body corporate as per Party ledger wide dated 24.09.2013 which carry interest @ 8% p.a upto 09.08.2013. No interest has been accrued since the party has waived such interest due to uncertainty involved (i.e. shut down of the plant). Since there is no stipulation regarding repayment, no disclosure has been made for amount of instalments due for repayment.
- h) There has been no stipulation for repayment of unsecured loans & advances from related parties and hence no disclosure has been made.

**NOTE - 4 : OTHER LONG TERM LIABILITIES****Rs. 000'**

PARTICULARS	As at 31.03.2015	As at 31.03.2014
<b>Others</b>		
Security Deposit from Transporters / Contractors	714	744
Security Deposit - Sales Tax	7376	7376
<b>Total</b>	<b>8090</b>	<b>8120</b>

**NOTE - 5 : LONG TERM PROVISIONS**

Provision for Employee Benefits :

(a) Provision for Gratuity	41916	39790
(b) Provision for Leave Encashment	5256	5334
<b>Total</b>	<b>47172</b>	<b>45124</b>

**NOTE - 6: TRADES PAYABLES**

Due to units under MSME	759	759
(Refer note 8 of Annexure-1)		
Others	192374	203075
<b>Total</b>	<b>193133</b>	<b>203834</b>

**NOTE - 7 : OTHER CURRENT LIABILITIES**

Current maturities on long term debts

(Refer Note 3 for nature of Securities)

- Term Loan from Government of Jharkhand (under Rehabilitation Scheme 2003)	325000	325000
- Interest accrued due on borrowings (to the extent provided for, also refer note no (f) of Note 3)	274619	274619
Interest accrued and due on borrowings/acceptances	92189	96282
Other Interest accrued	5277	4365
Advances from Customers	6971	6860
<b>Other Payables</b>		
- Statutory Dues	11042	11520
- Other Collections, pending remittance	3559	11237
- Due to Employee Benefits	29173	28484
- Due for expenses incurred	24167	22984
- Book Overdraft	-	-
- Other Deposit	29	29
<b>Total</b>	<b>772026</b>	<b>781380</b>

**NOTE - 8 : SHORT TERM PROVISIONS**

Provision For Employees Benefit :

Provision for Gratuity	2423	1709
Provision for Leave Encashment	256	193
<b>Total</b>	<b>2679</b>	<b>1902</b>

**NOTE : 9 TANGIBLE ASSETS**

Rs.000'

Particulars	Gross			Depreciation			Net Carrying Amount			
	As at 01.04.14	Additions	Deductions/ Disposal	As at 31.03.15	As at 01.04.14	For the year***	Deduction/ Adjustment	Upto 31.03.15	As at 31.03.15	As at 31.03.14
LAND										
Freehold land*	3100	-	-	3100	-	-	-	-	3100	3100
Leasehold land	38883	-	-	38883	6358	443	-	6801	32082	32525
Building	365805	-	-	365805	173774	16803	-	190577	175228	192030
Plant and Equipment	2546640	-	-	2546640	2001981	114472	-	2116453	430187	544659
Furniture & Fixtures	9735	-	371	9364	7549	964	353	8160	1204	2186
Vehicles **	12507	-	-	12507	10113	538	-	10651	1856	2395
Office Equipments	9335	62	1,009	8388	7467	1315	959	7823	565	1868
Railway siding	164335	-	-	164335	119256	36862	-	156118	8217	45079
<b>Total</b>	<b>3150340</b>	<b>62</b>	<b>1,380</b>	<b>3149022</b>	<b>2326498</b>	<b>171397</b>	<b>1,312</b>	<b>2496583</b>	<b>652439</b>	<b>823842</b>
(Previous Year)	3150291	49	-	3150340	2267766	58732	-	2326498	823842	

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

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

\*\*\*Pursuant to adoption of Schedule II of the Companies Act 2013,the lives of certain assets had expired on 31st March 2014. The depreciation of Rs.126918 Thousands in respect of such fixed assets has been adjusted to opening retained earnings.

**NOTE : 10 INTANGIBLE ASSETS**

EDP software	1,527	-	-	1,527	1,259	192	-	1,451	76	268
(Previous Year)	1,527	-	-	1,527	1,012	247	-	1,259	268	

**NOTE - 11 : CAPITAL WORK IN PROGRESS**

Rs. 000'

PARTICULARS	Cost			As at 31.03.15
	As at 01.04.2014	Addition	Transfer for Written off	
Plant & Machinery	27,354	774	-	28,128
(Previous Year)	33,506	777	6,929	27,354

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

- Iron Ore Block	4,725	-	-	4,725
- Coal Block (Refer note 6 (1) of Annexure-I)	894	-	894	-
<b>Total</b>	<b>5,619</b>	<b>-</b>	<b>894</b>	<b>4,725</b>
(Previous Year)	5,599	20	-	5,619

**NOTE - 13 : DEFERRED TAX ASSETS (NET)**

Rs. 000'

Particulars	As at 31.03.2014	For the Year	As at 31.03.2015
Deferred Tax Assets			
Unabsorbed Tax Depreciation	482,510	8,301	490,811
Unabsorbed Assessed Business Loss	263,414	(33,080)	230,334
Provision disallowed under Income Tax	14,048	983	15,031
Disallowed u/s 43B of Income Tax Act	9,154	(1,904)	7,250
<b>Total</b>	<b>769,126</b>	<b>(25,700)</b>	<b>743,426</b>
Deferred Tax Liability			
Difference between book & tax depreciation	77,980	(48,874)	29,106
<b>Net Deferred Tax Assets</b>	<b>691,146</b>	<b>23,174</b>	<b>714,320</b>

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

As required by the Accounting Standard 22, on conservative basis, the Deferred Tax Assets and Deferred Tax Liabilities have not been recognised in

**NOTE -14 : LONG TERM LOANS AND ADVANCES**

Rs. 000\*

Particulars	As at 31.03.2015	As at 31.03.2014
<i>(Unsecured, &amp; Considered Good unless other wise stated)</i>		
Capital Advances	1,805	1,805
Advances Recoverable (other than related parties)	21,528	21,528
Security Deposit with Govt & Other Parties	2,877	2,877
Sales Tax / VAT recoverable (including Sales Tax / VAT Paid under protest & Entry Tax)	12,717	12,717
<b>Total</b>	<b>38,927</b>	<b>38,927</b>

**NOTE -15 : OTHER CURRENT ASSETS**

Interest accrued on fixed deposit	7,751	6,841
Claims receivable	-	61
<b>Total</b>	<b>7,751</b>	<b>6,902</b>

**NOTE -16 : INVENTORIES**

(Valued at lower of cost or net realisable value)

Raw Materials	2,565	2,565
Work-in-Progress	-	-
Finished Goods	2,157	2,157
Stores & Spares	69,759	71,630
<b>Total</b>	<b>74,481</b>	<b>76,352</b>

**NOTE -17 : TRADE RECEIVABLES**

Unsecured, Considered Good unless otherwise stated:

Outstanding for more than six months	4,585	4,660
Less : Provision for Doubts ful Debts	4,585	-
	-	4660
Others	1,138	78
<b>Total</b>	<b>1,138</b>	<b>4,738</b>

**NOTE -18 : CASH & CASH EQUIVALENTS***Cash and Bank Balances*

Balance with Scheduled Bank - in Current Account	3,829	3,153
Cash in hand	127	162
<i>Other Bank Balances</i>		
Fixed Deposits with maturity of more than 12 months*	97,623	106,550
<b>Total</b>	<b>101,579</b>	<b>109,865</b>

\* Include margin money of Rs.65206 Thousands (P.Y. Rs.73589 Thousand) pledged against bank guarantee and LCs issued in favour of Coal India Ltd South Eastern Railway Rs.2578 Thousands (P.Y. Rs. 2639 Thousand), Jharkhand State Pollution Control Board Rs. Nil (P.Y.Rs. 483 Thousand) and Rs.1739 Thousand (P.Y. Rs.1739 Thousand) pledged with Sales Tax Authorities.

The above include FDR valued Rs.28,100 Thousand held in the name of thirty party which has been pledged with Ministry of Coal, GOI.

**NOTE -19 : SHORT TERMS LOANS AND ADVANCES***(Unsecured, Considered Good unless otherwise stated )***Others:**

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

- Related Parties	2,174	2,503
- Others	15,685	46,143
Balance with Revenue Authorities :		
- Excise / Cenvat and Service Tax recoverable	3,338	5,158
- Sales Tax recoverable	8,476	8,476
- Income Tax refund	299	2,498
- Tax Deducted at Source	1,248	-
<b>Total</b>	<b>31,220</b>	<b>64,778</b>

**NOTE -20 : REVENUE FROM OPERATIONS**

Particulars	Rs. Lacs	
	Year ended 31.03.2015	Year ended 31.03.2014
Sales		
Gross Sales	-	207,833
Less:Excise duty	-	16,863
<b>Total</b>	<b>-</b>	<b>190,970</b>

**NOTE - 21 : OTHER INCOME**

Interest on Fixed Deposits & Others*	6,500	6,432
Other non-operating income		
a. Sales of Waste and Scrap	-	8,255
b. Rent recovery from staff/others*	7,348	3,921
c. Reversal of excess provisions made in earlier year	325	1,707
d. Misc. Income*	5,640	3,497
e. Prior Period Items (net)*	1,035	-
f. Loading Charges Recovered	-	1,671
g. Debit/Credit balance written back (net)	18	2,077
<b>Total</b>	<b>20,866</b>	<b>27,560</b>

\* Includes Tax Deducted at Source Rs.1,248 Thousands (P.Y.Rs.1,201 Thousand)

**NOTE - 22 : COST OF MATERIALS CONSUMED**

Raw materials:		
Iron ore	-	53,962
Coal	-	66,647
Dolomite	-	598
<b>Total</b>	<b>-</b>	<b>121,207</b>

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

Opening Stock		
Finished Goods	2,157	49,871
Work-in-progress	-	-
Closing Stock		
Finished Goods	2,157	2,157
Work-in-progress	-	-
Net changes		
Finished Goods	-	47,714
Work-in-progress	-	-
Net Decrease	<b>-</b>	<b>47,714</b>

**NOTE - 24 : EMPLOYEE BENEFIT EXPENSES**

Salaries,Wages and Allowances*	10,835	54,966
Gratuity	3,204	4,076
Leave Encashment	115	-
Contribution to Provident Fund	562	4,348
Inspection charges Provident Fund	-	59
Staff Welfare Expenses	361	3,342
<b>Total</b>	<b>15,077</b>	<b>66,791</b>

\*includes directors remuneration Rs. 296 thousands (Previous year Rs. 3145 thousands)

**NOTE - 25 : FINANCE COST**

Interest :		
a) On long term borrowings	-	36,049
b) Interest on Taxes		
- Excise duty/Service Tax / I.Tax /Sales Tax	4,692	2,540
c) Other Interest (Security Deposit & Others)	265	149
Bank & Other Charges	236	205
<b>Total</b>	<b>5,193</b>	<b>38,943</b>

**NOTE - 26 : DEPRECIATION & AMORTIZATION EXPENSES**

Rs. Lacs

Particulars	Year ended	Year ended
	31.03.2015	31.03.2014
Depreciation & Amortization	171,588	58,980
Less: Amount transfer from Revaluation Reserve	-	(24,682)
Less: Depreciation on assets where remaining useful life expired transfer to opening retained earning (Including depreciation on revaluation reserve Rs. 124,982 Thousands)	(126,918)	-
<b>Total</b>	<b>44,670</b>	<b>34,298</b>

**NOTE - 27 : OTHER EXPENSES**

Consumption of Stores & Spare parts	-	859
Excise Duty on Increase/(Decrease) of stock	-	(5,249)
Power & Fuel	2,459	44,164
Handling Charges	-	1,769
Water Charges	-	1766
Repair & Maintenance:		
- Building	-	14
- Plant and Machinery	-	10,961
- Railway Siding	62	606
- Others	86	745
Rent	1,766	2,183
Rates & Taxes incl. wealth tax	113	198
Insurance	681	1,178
Director's Sitting Fee	96	73
Printing & Stationery	477	798
Telephone, Telex and Postage	1,822	1,073
Vehicle Running & Maint.	339	3,765
Travelling & Conveyance	235	1,860
Legal & Professional	1,095	2,475
Auditor's Remuneration		
- As Audit Fee	562	500
- As Tax Audit	45	40
- Certification and Company Law	249	243
- Expenses Reimbursement	32	28
- Cost Auditors Fee & Expenses Reimbursement	116	116
Repair & Maintenance	113	490
Social Development Expenses	426	850
Miscellaneous Expenses	2,144	3,016
Fixed Assets Retired & Written off	69	-
Prior Period Items (net)	-	54
Sales Tax Expenses	-	6
Advertisement and Sales Promotion	268	250
Packing, Freight & Forwarding	-	1,706
Commission on Sales	-	129
Bad debts Written off	75	-
Provision for Doubtful Debts	4,585	-
<b>Total</b>	<b>17,915</b>	<b>76,666</b>

\* The details of prior period items(net) are as Under :

Expenditure :		
Salaries, Wages and Allowances	640	-
Legal & Professional	89	-
Subscription	11	-
Social Development Expenses	-	50
Miscellaneous Expenses	22	4
Total Income	762	54
Rent recovery from others	1,797	-
Prior Period Items (net)	(1,035)	54

**NOTE - 28 : EXCEPTIONAL ITEMS INCOME / (EXPENDITURE)**

Raw Materials Written Off	-	(3,412)
Rate Difference and Penalty on account of short lifting of coal quantity (Refer note on. 7 of Annexure 1)	(10,731)	-
Project Expenditure for Kiln IV and Gas based Power Plant written off	-	(6929)
Coal Block Written off (Refer note no. 6 of annexure 1)	(894)	-
<b>Total</b>	<b>(11,625)</b>	<b>(10,341)</b>

**NOTE - 29 : EARNING PER SHARE (EPS)**

EPS has been computed in accordance with Accounting Standard AS-20 :		
Profit/(Loss) after tax for the year	(73,614)	(177,430)
Weighted Average number of equity shares of Rs. 10/- each fully paid up	90,205,403	90,205,403
Basic & Diluted Earnings per share	(0.82)	(1.97)

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

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

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

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to company with the accounting standard specified under section 133 of the Companies Act, 2013 read with rule 7 of The Companies (Accounts) Rules 2014 and the relevant provision of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis (except for revaluation of certain fixed assets).

**2. Use of Estimates**

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

**3. Inventories**

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

**4. Fixed Assets:**

- a) Fixed Assets are stated at cost or revalued cost, less accumulated depreciation/amortization. Costs include taxes duties (net of CENVAT and set off), cost of stores materials issued and expenditure incurred during construction and installation where applicable. Indirect expenses are not capitalised alongwith the fixed assets.
- b) An impairment loss is recognized based on the review conducted by the management at each balance date wherever the carrying value of existing assets exceed its net selling price or value in use, whichever is higher.

**5. Expenditure during Construction:**

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

**6. Depreciation / Amortization**

- a) Depreciation on Tangible fixed assets other than land is charged on straight line method so as to write off the cost/carrying amount of assets (including revalued amount) as on 1-04-2014 over the useful life of assets as per Schedule II of the Companies Act, 2013. For assets acquired or sold during the year, the depreciation is calculated on pro-rata basis from the date of addition or upto the date of sale or discarded. Further where the remaining useful life of the asset is nil as on 1.4.2014, after retaining the residual value, depreciation has been recognized in the opening balance of retained earnings.
- b) Lease hold land is depreciated over the lease period.
- c) Intangible assets are being amortised over their useful life / licenses period.

**7. Foreign Currency Translation:**

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

**8. Revenue Recognition:**

- a) Sales are accounted for based on despatch of finished goods to the customers from various stocking points, and includes excise duty but exclusive of VAT / CST and is net of trade discounts.
- b) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest on tax refund is accounted for on receipt basis.
- c) Other miscellaneous revenues are recognized when the amount and the collectability are certain. Accordingly insurance claims are accounted for on settlement.

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

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

**11. Extraordinary Items:**

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

**12. Borrowing cost**

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

**13. Employee Benefits**

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

**(a) Short Term Employee Benefits**

Short Term employee benefits are recognized in the period during which the services have been rendered.

**(b) Long Term Employee Benefits****(i) Defined Contribution Plan****Provident Fund**

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

**(ii) Defined Benefits plan****(a) Leave encashment**

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

**(b) Gratuity**

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

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



**14. Provisions Contingent Liabilities**

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims, not acknowledged as debt, are disclosed by way of a note. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**15. Earning Per Share**

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

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

**16. Taxation**

a) Provision for current tax is made on the basis of applicable Income Tax Act, 1961.

b) Deferred tax assets and liabilities are accounted for in accordance with AS-22 issued by the Institute of Chartered Accountants of India.

**17. Leases**

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

**18. Cash Flow Statement**

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

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

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

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

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

(Rs. 000)

	Current Year	Previous Year
<b>i) Defined Contribution Plan</b>		
Employer's Contribution to Provident Fund (Refer Note No. 24)	562	4348

**ii) Defined Benefits Plans**

(Rs. 000)

	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous Year	Current year	Previous Year
Current service cost	2553	2564	408	479
Interest cost	3527	3682	470	567
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain)/loss	(2876)	(2170)	(763)	(1202)
Past service cost	-	-	-	-
Curtailement and Settlement Cost/(credit)	-	-	-	-
Expenses recognized in the statement of Profit & Loss	3204	4076	115	(156)

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

	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate	7.75%	8.50%	7.75%	8.50%
Expected Rate of increase in Compensation Levels	5.25%	6.00%	5.25%	6.00%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Expected Average remaining working lives of employees (years)	15.96 years	16.96 years	15.96 years	16.96 years

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

(Rs. Lacs)

	Gratuity Unfunded		Leave Encashment Unfunded	
	Current Year	Previous Year	Current year	Previous Year
Benefit obligation at beginning of the year	41499	46027	5526	7082
Current service cost	2553	2564	408	479
Interest Cost	3527	3682	470	567
Benefits paid	(365)	(8604)	(128)	(1400)
Curtailement and Settlement cost	-	-	-	-
Contribution by plan participants	-	-	-	-
Past service cost	-	-	-	-
Actuarial (gain)/ loss	(2876)	(2170)	(763)	(1202)
Projected benefit obligation at end of the year	(44338)	(41499)	(5513)	(5526)
Net amount recognized in the balance sheet as at 31.3.2015	(44338)	(41499)	(5513)	(5526)

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

(d) Enterprise best estimate of contribution payable for the next year the gratuity plan is Rs. 8465 Thousands for earned leave liability for Rs.900 Thousands.

**2. Segmental Reporting**

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

**3. Related Party Transactions**

The transaction with related parties as per Accounting Standard-18 issued by ICAI and in terms of the provisions of Section 2 (76) of the Companies Act, 2013 to the extent applicable are given below :-

- (a) By virtue of control  
 (i) Moderate Leasing & Capital Services Ltd.  
 (ii) Shri U K Modi Chairman and Director by virtue of article 100 of Articles of Association.  
 Mrs. Kumkum Modi, Director, Shri Abhishek Modi, Director and Shri Jayesh Modi, Director are related to Shri U.K. Modi, Chairman & Director.
- (b) Key Management Personnel  
 (i) Shri Satish Kumar Gupta - Whole Time Director  
 (ii) Shri Manoj Kumar - Company Secretary  
 (iii) Shri Bal Kishan Goel - Chief Finance Officer
- (c) There has been no Subsidiaries / Associates Company.
- (d) Enterprises over which (a) & (b) above have significant influence and with whom transactions have taken place.  
 (i) SBEC Sugar Ltd.  
 (ii) SBEC Bio-Energy Ltd.  
 (iii) Modi Industries Limited  
 (iv) Modi Mundipharma Pvt. Ltd.  
 (v) Modi Revlon Pvt. Ltd.  
 (vi) Modi Line Travel Services Pvt. Ltd.  
 (vii) Win Medicare Pvt. Ltd.  
 (viii) Modi Motors Pvt. Ltd.  
 (ix) Modi Senator India Pvt. Ltd.  
 (x) Modi Hitech India Ltd.  
 (xi) M.G. Mobiles India Pvt. Ltd.  
 (xii) Chandil Power Ltd.  
 (xiii) Longwell Investment Pvt Ltd.  
 (xiv) A to Z Holdings Pvt Ltd.  
 (xv) Jayesh Tradex Pvt. Ltd.  
 (xvi) G.S. Pharambutor Pvt. Ltd.

Transactions with related Parties (As identified by the Management)

Nature of Transactions	(Rs. 000')					
	By virtue of control		Enterprises where influence exit		Key	
Managerial Personnel	Current Year	Previous Year	Current year	Previous year	Current Year	Previous Year
Rent Recovered (incl. Service Tax)	-	-	6146	1696	-	-
Rent Paid	-	-	-	1093	-	-
Misc Exp. Recovered	-	-	6349	110	-	-
Misc. Exp.	-	-	439	12577	-	-
Reimbursed/ Paid						
Purchase of Stores	-	-	-	263	-	-
Interest and Financial charges Paid	-	10333	-	1773	-	155
Loan taken	16	3803	-	-	-	-
Loan repaid	-	-	-	-	405	-
Remuneration to KMP to Mg Director	-	-	-	-	-	1592
- Finance Director	-	-	-	-	-	1227
- Director (works)	-	-	-	-	296	325
- Company Secretary	-	-	-	-	882	-
- Chief Finance Officer	-	-	-	-	542	-
- Sitting Fee to Non -Exec. Directors.	-	-	-	-	96	73
Outstanding balances as on	31.3.15	31.3.14	31.3.15	31.3.14	31.3.15	31.3.14
- Receivable	-	-	2174	2503	-	-
- Acceptances	-	-	-	-	-	-
- Payable	-	-	31729	15342	-	-
- Unsecured Loan	367946	367930	322919	48300	3795	4200
- Int on unsecured Loan	33132	33132	590360	6710	-	595

4. The management is of the opinion that except the fixed assets retired from active use and the capital work in progress for coal block written off during the year and there is no further impairment of assets as at 31-3-2015 as contemplated in the Accounting Standard (AS) 28.

**5. Operating Leases**

The company's leasing arrangements are in respect of premises (for office, godown and accommodation of company's officer & directors). These arrangements are both cancelable and non-cancelable in nature and ranging between one to three years as at 31<sup>st</sup> March, 2015.

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

(Rs. 000')

Sl.No. Particulars	As at 31.03.2015	As at 31.03.2014
A Total of future minimum lease payments under non-cancelable operating leases for each of the following periods		
- Not later than one year	1766	1000
- Later than one year and not later than five years	5298	4728
- Later than five years	-	-
B Lease rent recognized as expense in P & L A/c	1766	2576
C Total of future minimum lease payment expected to be received under the non-cancelable sublease at the balance sheet data.*	9146	3891
D Lease payments received & recognized in the statement of profit & loss account.*	9146	3891

\* Include Rs. 1797 thousand previous year rental income clubbed under Previous Year Income/Expenditure.

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

(Rs. 000')

	As at 31.3.15	As at 31.3.14
<b>1. Contingent Liabilities:</b>		
Claims not acknowledged as debts are as under: -		
(i) Custom duty and interest on Imported Stores & Spares	15459	15459
(ii)(a) JVAT Demand under appeal before the Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur for the Asst. Year 2006-07. (excludes amount Rs.23.07 lacs and paid by the company but not considered as credit by deptt.)	2397	2397
(b) Central Sales Tax demand (including interest) under appeal before the Jt. Commissioner of Commercial Taxes (Appeals) Jamshedpur for the Financial Year 2006-07	311	311
(c) Disputed demand for JVAT for the F.Y. 2010-11 u/s 70(5)(b) under appeal before the Jt. Commissioner of Commercial Taxes (Appeals), Jsr. However stay has been granted on 20.01.2012 (Amount paid as advance on appeal Rs. 5.87 Lacs previous year Rs. 5.87 Lacs).	5879	5879
(d) Demand raised by DCCT, Jsr for tax due and penalty imposed or interest payable under JVAT Act 2005 of the F.Y. 2010-11 under dispute before JCCT(Appeals), Jamshedpur. Stay has been granted on 06-10-2012 till final disposal(Adv paid on appeal Rs.15 lacs on 19.10.2012)	24786	24786
(e) JVAT demand for the assessed tax and penalty vide demand notice No.18872 dt.28.03.2014 (order dt.12.03.2014) for F.Y. 2010-11 raised by the Dy. Commissioner of Commercial Taxes, Adityapur, JSR (net of amount paid Rs.13489 thousands) for which the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellant authority.	8140	-
(f) CST Demand for assessed tax and penalty vide demand notice dt.28.03.2014 for the F.Y.2010-11 (vide order dt.12.03.2014) raised by the Dy. Commissioner of Commercial Taxes, Adityapur, JSR (net of amount paid Rs.3055 thousands) for which the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellant authority.	3096	-
(g) CST Demand for assessed tax and penalty vide demand notice dt.24.03.2015 for the F.Y. 2011-12 vide order dt.20.03.2015 by the Dy. Commissioner of Commercial Tax, JSR is (net of amount paid Rs.2353 thousands for which the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellant authority.	70549	-
(h) JVAT Demand for assessed tax and penalty vide demand notice dt.24.03.2015 for the F.Y. 2011-12 vide order dt.20.03.2015 by Dy. Commissioner of Commercial Tax, JSR (net of amount paid Rs.3060 thousands) for which the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellant authority.	13977	-
(i) Demand for electricity duty raised by the Dy. Commissioner / Asstt. Commissioner under Electricity Duty Rules (Rule 14) vide Order No.18431 dt.18.03.2014 for Rs.1271 thousands (F.Y. 2012-13) for Rs.1011 thousands (FY) 2011-12 the Company is seeking details for examining the merits of demand in order to consider filing of appeal with the appellant authority.	2281	-
(iii) Demand for water charges and interest thereon disputed under writ petition before Jharkhand High Court, Ranchi	250947	211975
(iv) Railway Authorities has imposed penalty on the Company earlier which was dismissed by the Jharkhand High Court, Ranchi. Railway Authority has now filed a petition before Supreme Court, Delhi.	5600	5600
(v) (a) Disputed liability on account of currency fluctuation on foreign currency loans and interest thereon, pending before the Hon'ble High Court, Jharkhand, Ranchi.	232381	275409
(b) Liability on account of currency fluctuation on upfront payment of foreign currency loan and additional 2% interest rate in lieu of guarantee of Govt. of Jharkhand matter pending in SLP before the Hon'ble Supreme Court, Delhi	263714	279753
(vi) Disputed Income Tax demand including interest and penalty for short deduction/collection or Tax at source based on NSDL report for the F.Y. 2004-05 to 2008-09 u/s 156 raised by DCIT, JSR under appeal before the CIT (Appeal), JSR under section 246A (1) Of the Income Tax Act,1961.	8334	8334
(vii) Liability for price difference / other claims net of counter claims, if any, arising on account of procurement of raw materials under a contract (since terminated) pending before an Arbitrator / High Court.	Not ascertained	Not ascertained
(viii) (a) The company has received a show cause notice to explain as to why the production of Sponge Iron was low in comparison to iron ore consumed. The company has furnished its reply, justifying consumption of iron ore viz a viz Sponge iron production. The Matter is still pending.	Not ascertained	Not ascertained
(b) Demand for recovery of irregular Cenvat Credit for Service Tax and education cess for F.Y. 2010-11 under Rule 15(4) of CCR 2004 read with section 78 of the Finance Act 1994 under appeal before The Appellate Tribunal Central Excise & Service Tax, Kolkata	123	123
(ix) Disputed penalty recovered by SECL for short lifting of Coal quantity as per Linkage. The matter pending under Writ Petition filed by the Company before the Hon'ble High Court of Chattisgarh, Bilaspur.	21528	21528
(x) Liability on account of Bank Gurantees	96175	97675

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

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 4856 thousand (Previous Year Rs. 4856 thousand).

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

(I) The company was declared a Sick Industrial Company within the meaning of clause (0) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 by the Hon'ble BIFR vide its order dated 19.12.1996. The Hon'ble BIFR vide its order dated 29th July, 2004 had sanctioned the Rehabilitation Scheme. The said scheme envisaged a total payment of Rs. 1350000 Thousands, Rs.650000 Thousands was to be paid as upfront payment and the balance Rs. 700000 Thousands was to be paid in 30 quarterly installments effective from 15th July, 2004.

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

The Company has filed appeal before the Appellate Tribunal for Industrial and Financial Reconstruction (AAIFR) challenging the above said order. AAIFR in its order dated 23-12-2011 has dismissed the appeal. The above order of AAIFR was challenged by the Company by filing Writ Petition in Jharkhand High Court on 06.02.2012. In the hearing held on 22nd February, 2012, the Appeal was dismissed.

The Company has not recognized Rs.232381 Thousands (P.Y. 275409 Thousands) the liability on account of foreign currency fluctuation in Euro on foreign currency loans installments and interest thereon as per the BIFR Scheme. The Company has filed a Letters Patent Appellate Jurisdiction (LPA) on 27th July, 2012 before the higher bench in the High Court of Jharkhand, Ranchi against the order of the Single Judge which is still pending.

- (III) The Net worth of the Company could not become positive during the implementation of BIFR Scheme till 30-09-2011. As per Order date 5th May 2012, BIFR directed to the Company to submit Modified Draft Rehabilitation Scheme (MDRS) within four months for the rehabilitation of the Company.
- (IV) The Modified Draft Rehabilitation Scheme of the company was filed before the Hon'ble BIFR on 3rd December 2012. The modified scheme is under consideration of the BIFR for which last hearing was held on 20.01.2014 in which the BIFR has made the following direction.
- (i) Ministry of Coal, Government of India, Central Coalfields Limited and Coal India Limited to extend regular supply of coal as per the existing coal linkage with CCL, as envisaged in the sanctioned scheme and submit its report to the Board with a copy to IFCI (MA), within a month.

- (ii) The Company to update the status of the writ petition /IA filed before the Hon'ble High Court of Jharkhand, Ranchi as and when the final decision is arrived at.

The Company has made an interlocutor application for the withdrawal of the Writ Petition before the Hon'ble High Court of Jharkhand, Ranchi and it is expected that on withdrawal of the said Writ Petition the Fuel Supply Agreement (FSA) would be entered into for the regular supply of the Coal. This would expedite the process of finalization and sanction of the Draft Modified Rehabilitation Scheme with the grant of reliefs and concessions, the restructuring of the soft loan and other measures for the fresh induction of fund etc. for making the unit viable as a going concern.

4. The demand of water charges Rs. 250947 thousands (inclusive of interest on arrear of water bills of Rs.23103 thousands) as on 31.03.2015 (P.Y. Rs.231494 thousands inclusive of interest of Rs.20528 thousands as on 31.3.2014) raised by Chief Engineer, Subernarekha Multipurpose Project, Chandil has been disputed by the company under a Writ Petition with Jharkhand High Court, Ranchi. However, pending disposal of Writ Petition, the company based on its own estimate of liability has made total provision for Rs. 13869 thousands up to 31st March, 2015, (Rs.13869 thousands as on 31.3.2014.)
5. South Eastern Coalfield Ltd. has imposed a penalty of Rs.21528 Thousands in 2011-12 on account of short lifting of coal quantity in terms of Fuel Supply Agreement (FSA) dated 02.05.2008 and recovered the same by encashment of the bank guarantee. The Company has taken up the matter with Coal India Limited/ South Eastern Coalfield Ltd. for refund of the said amount as settlement of dispute under clause 15.3 of the FSA. No provision has been made for penalty recovered since the matter is pending under writ petition filled by the Company before the Hon'ble High Court of Chattisgarh, Bilaspur.
6. The company was allocated for captive use a Coal Block in the Macherkunda Coal Block in the State of Jharkhand on 5th August 2008 by the Ministry of Coal, Government of India. The Ministry of Coal vide letter date 20.11.2012 deallocated the above coal block on the ground that the company has failed to develop the coal block allotted within the prescribed milestone/time frame.

On being aggrieved with the above order, the company has filed a Writ Petition before the Jharkhand High Court, challenging the decision of the Ministry of Coal to de-allocate the Coal block. The matter was transferred to Hon'ble Supreme Court of India, and the said court vide its order dated 24.09.2014 has cancelled all coal blocks allotted on and after 2003. In view of the above Rs. 894 Thousands incurred by the company on this account appearing under CWIP Coal block has been written off during the year and shown under the head of exceptional item.

7. The Central Coalfield Limited has recovered a penalty of Rs 5468 Thousands on account of short lifting of coal quantity in terms of fuel supply agreements (FSA) during the Financial Year 2012-13 and F.Y. 2013-14(April 2013) and Rs.5263 Thousands for rate differences. These amounts has been shown as exceptional items.
8. In accordance with the Companies Act, 2013 the Company has revised the useful life of the fixed assets during the current year to comply with the useful / remaining useful life of assets as mentioned under Schedule II of the Act. As per the transitional provision the company has adjusted Rs. 126918 thousands net of deferred tax (including Rs.124981 thousands for depreciation on revaluation reserve) with the opening balance of retained earning (i.e., deficit in the statement of Profit and Loss on April 01, 2014). Had the Company continued to follow the earlier life, the depreciation expense for the year ended on 31.03.2015 would have been higher by 10438 Thousands(excluding depreciation on revaluation reserve), and the loss before tax increased with that amount.
9. (a) Shri Satish Kumar Gupta, has been appointed as Additional Director and then Whole Time Director w.e.f. 13.12.2013. During the F.Y. 2013-14 a sum of Rs. 325 Thousands has been provided as remuneration as a Whole time director which was subject to the approval of shareholders of the Company in the ensuing general meeting (32<sup>nd</sup> AGM) and the approval of the Central Govt. in terms of the provisions of section 198, 269,309 & Schedule XIII as amended from time to time & other applicable provisions, if any of the Companies Act, 1956. The Shareholders has approved the payment of aforesaid remuneration by way of special resolution in the said Annual General Meeting (AGM).

Since, Shri S. K. Gupta vide letter dated 13.11.2014 has voluntarily waived off his entire remuneration for the period 13.12.2013 to 12.12.2014, the provision for remuneration made in earlier year has been reversed & not paid to him and hence no Central Govt, approval has been sought.

- (b) The remuneration to the whole time director has been paid /provided w.e.f. 13-12-2014 to 31-03-2015 is in compliance of Section 197 and Schedule V of the ACT.
10. Shut down of Plant and suspension of operations.

Central Coalfields Ltd has stopped supply of linkage coal as per existing Fuel Supply Agreements to the Company w.e.f. 5th February 2013 for reason stated at para 7 above. Due to non-supply of Coal by CCL, the operations of the company has been shutdown and operation suspended w.e.f. 9th August 2013. The aforesaid action of Coal India Ltd, Central Coalfields Ltd and the Ministry of Coal, GOI. has been challenged by the company by way of Writ Petition (C) vtde No. 1660 of 2013 before the Hon'ble Jharkhand High Court and the same is still pending.

In view of the above, provision for the undernoted items of expense have not been made in the accounts for the period from 10<sup>th</sup> August, 2013 to 31st March, 2015:

- (a) Interest on Unsecured Loans of Rs. 686001 thousands taken from Promoters and other Parties (amounts unascertained),
- (b) Interest on Soft Loan from Government of Jharkhand under Jharkhand Industrial Rehabilitation Scheme 2003 amounting to Rs. 81331 Thousands (Rs. 30526 thousands upto March 2014) which is subject to representations for waiver, and
- (c) Salaries, Wages and allowances, provident fund including as well as employee benefits expense (amount unascertained) except for KMP.

11. Related Party Transaction (RPT) in respect of renting of the office of the Company is Rs. 6146 thousands and the availing or rendering of services amounting to Rs. 6788 thousands as covered under section 188 (1) (c) and (d) respectively and Rules made thereunder and is within the overall limits of Rule 15 of the Companies (Meetings of Board and its Power) Rules, 2014.

12. Dues to Micro Small and Medium Enterprises:

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

		(Rs. 000')	
		As at 31.3.2015	As at 31.3.2014
a)	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	759	759
	(ii) Interest due thereon.	265	149
b)	(i) The amount of interest paid in terms of Sec.16 of MSMED Act, 2006 beyond the respective due date during the year.	Nil	Nil
	(ii) The amount of principal paid beyond the due date during the year.	Nil	Nil
c)	The amount of interest due and payable for delay period (where principal has already been paid after due date)	Nil	Nil
d)	The amount of interest accrued and remaining unpaid as at the end of the accounting year.	544	279
e)	The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006.	265	149

13. Income Tax assessment of the Company for the Asstt. Year 2012-13 has been completed under Section 143 (3) of the Act vide order dt.24.03.2015 by the Asstt. Commissioner of Income Tax, JSR. The Assessing Officer has disallowed the Returned loss on the ground that the company has not furnished the required information, documents, books of accounts and records inspite of questionnaire & the various reminders show cause notice given to the assessee. Since the plant was under shut down and laborers did not allow the entry of staff and officer to factory premises and hence the information / documents / papers were produced to the extent possible. On being aggrieved with the said order, the Company has filed an appeal before the CIT (Appeal-3), Patna on 27.04.2015.

14. Credit/Debit balances of the Creditors, Lenders, Debtors and Advances are subject to reconciliation/confirmation at the year end.

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

		(Rs. 000')	
		Current Year	Previous Year
16.	Value of Imports calculated on CIF basis during the Financial Year: Component & Spare Parts	Nil	Nil
17.	Expenditure in Foreign currency during the Financial Year: Interest	Nil	Nil

		(Rs. 000')			
		Value	%	Value	%
18.	Value of imported and indigenous raw materials and components consumed and percentage of each to total Consumption :				
	Raw Material:				
	- Indigenous	-	-	121207	100
	- Imported	-	-	-	-
	Stores & Spares				
	- Indigenous	-	-	8091	100
	- Imported	-	-	-	-
	Total	-	-	8091	100

		(Rs. 000')	
		Current year	Previous year
19.	Repairs & Maintenance to Plant include stores and spare parts consumed as under:		
	Particulars		
	Plant & Machinery	-	7146
	Railway Siding	-	-
	Others	-	086

20. Earning in Foreign Currency: Nil

21. Subsidiary Company:

Chandil Power Limited (CPL) has become Subsidiary of the Company under Section 4(1)(a) of the Companies Act 1956 and Section 2 (87) of the Companies Act, 2013 w.e.f 17th August 2011 and ceased to be subsidiary from 29.09.2014 with the termination of Supplemental Agreement dated 15.06.2010.

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

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

As per our report of even date attached.

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

S.K. Gupta  
**(Director- Works)**  
[DIN 03537417]

B.K. Goel  
**(Chief Financial Officer)**  
M.No. 086168

**Directors**  
B.D. Garg- [00002792]  
J.C. Chawla - [05316202]  
J.N. Khurana - [00003817]  
Madan Lal - [00272672]  
R.K. Agarwal - [00298252]

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

Manoj Kumar  
**(Company Secretary)**  
M.No. F6698

Place : New Delhi  
Date : 12.05.2015

**33<sup>rd</sup> ANNUAL REPORT  
2014-2015**

**BSIL  
BIHAR SPONGE IRON LIMITED**

**Board of Directors**

Mr. Umesh Kumar Modi Chairman & Director  
Mr. Rahul Singh (IAS) Nominee of BSIDC  
Mrs. Kumkum Modi  
Mr. Abhishek Modi  
Mr. Jayesh Modi  
Mr. J.C. Chawala  
Mr. Satish Kumar Gupta Director (Works)  
Mr. B.D. Garg  
Mr. R.K. Agarwal  
Dr. Shyam Vyas  
Mr. Madan Lal  
Mr. J.N. Khurana

**Chief Financial Officer**

Mr. B.K. Goel

**Company Secretary**

CS Manoj Kumar

**Statutory Auditors**

M/s Thakur, Vaidyanath Aiyar & Co.  
Chartered Accountants  
[FRNo. 000038N]  
221-223, Deen Dayal Marg,  
New Delhi-110002.

**Audit Committee**

Mr. R.K. Agarwal Chairman  
Mr. J.C. Chawala  
Dr. Shyam Vyas  
Mr. Madan Lal

**Registered Office & Plant Site**

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

**Bankers**

UBI, SBI, HDFC Bank, ICICI Bank

**Registrars and Share Transfer Agent**

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

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