

BIHAR SPONGE IRON LIMITED.

REGISTERED OFFICE & PLANT : UMESH NAGAR, CHANDIL-832401, DISTT. SARAIKELA - KHARSAWAN, JHARKHAND
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BSIL/CS/SE/2016/

27th July, 2016

The General Manager
Listing Centre
Bombay Stock Exchange Limited
25 Floor P J Towers,
Dalal Street,
BOMBAY- 400 001

**SUB: STATEMENT ON IMPACT OF AUDIT QUALIFICATION FOR THE
QUARTER/YEAR ENDED ON 31ST MARCH, 2016.**

Dear Sir,

This is in reference to Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016, Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016 and Circular No. DCS/COMP/04/2016-17 dated 1st June, 2016 issued by the Securities and Exchange Board of India (SEBI), please find enclosed herewith a copy of Statement on Impact of Audit Qualifications for the quarter/year ended on 31st March, 2016.

Kindly acknowledge the receipt.

Thanking you

Yours faithfully





For BIHAR SPONGE IRON LTD



Shubhangi Varshney
(Company Secretary)
[M. No.: A43431]

Encl: as above.

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016					
[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]					
(Amount in Lakhs)					
I.	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjustment for Audit qualifications	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	234		234
	2.	Total Expenditure	821	4304	5125
	3.	Net Profit/(Loss)	(587)	(4304)	(4891)
	4.	Earnings Per Share (in Rs.)	(0.65)	(4.77)	(5.42)
	5.	Total Assets	8561	(215)	8346
	6.	Total Liabilities	16835	4089	20924
	7.	Net Worth	(12387)	(4304)	(16691)
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil	Nil
II. Audit Qualification (each audit qualification separately):					
a. Details of Audit Qualification: As per Annexure 1					
b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion					
c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing. Point No. I is appearing since F.Y. 2011-12, but the figures of foreign currency loan and interest has changed every year due to currency fluctuation. Point No. II and III (a to c) is appearing since F.Y. 2013-14. Point No. III (d) is appearing first time.					
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As per Annexure 1					
e. For Audit Qualification(s) where the impact is not quantified by the auditor:					
(i) Management's estimation on the impact of audit qualification: As per Annexure 1					
(ii) If management is unable to estimate the impact, reasons for the same: As per Annexure 1					
(iii) Auditors' Comments on (i) or (ii) above: As per Annexure 1					
III. Signatories:					
<ul style="list-style-type: none"> S. K. Gupta (Director-Works) (DIN: 03537417) 					
<ul style="list-style-type: none"> B. K. Goel (Chief Financial Officer) 					
<ul style="list-style-type: none"> R. K. Agarwal (Audit Committee Chairman) (DIN: 00298252) 					
<ul style="list-style-type: none"> M P Thakur Partner-Thakur, Valdyanath Aiyar & Co. (Statutory Auditor) (FRN. 000038N) 					
Place: New Delhi					
Date: 27/07/2016					

ANNEXURE-1

Impact is quantified by the auditor:

Details of Audit Qualification	Management's View
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. 2731.30 lacs 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)	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 31-03-2016 and the same will be treated as per the decision of the said court.
II. No provision has been made on penalty recovered by South Eastern Coal Fields Ltd. of Rs. 215.28 Lacs on account of short lifting of coal quantity in terms of FSA. Since the matter is pending under writ petition filed by the Company before the Hon'ble High Court of Chhattisgarh, Bilaspur and hence the amount has been included in long term loans and advances. (refer other note no 5 of Annexure I)	No provision has been made for penalty recovered by South Eastern Coalfields Limited for Rs. 215.28 Lacs in the FY 2011-12 on account of 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 and the same will be treated as per the decision of the said court.
III. No provision of the undernoted items of expenses in view of Shutdown of the Plant & Suspension of operations since 10 th August, 2013 as well as other reasons contented by the company:- (b). Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 amounting to Rs. 1357.47 Lacs from 10.08.2013 to 31.03.2016 which is subject to representation for waiver. (refer other note 7(a) of Annexure I)	No provision has been made on Interest on Soft Loan taken from the Government of Jharkhand under the Industrial Rehabilitation Scheme 2003 in view of shutdown of plant & suspension of operations from 10.08.2013 to 31.03.2016 which is subject to representation for waiver.



Impact is not quantified by the auditor:

Details of Audit Qualification	Management's View	Auditor's Comment
<p>III. No provision of the undernoted items of expenses in view of Shutdown of the Plant & Suspension of operations since 10th August, 2013 as well as other reasons contented by the company:-</p> <p>a. Interest on unsecured loan from Promoters and other parties from 10.08.2013 to 31.03.2016 (refer other note 7(a) of Annexure I) (amount unascertained).</p> <p>c. Salaries, Wages and allowances as well as employee benefits expenses w.e.f. 10.08.2013 to 31.03.2016 (refer other note 7(c) of Annexure I) (amount unascertained).</p> <p>d. Provision for interest on unpaid statutory dues as per the books of accounts on Provident Fund and Family Pension Fund as per the books of account. (refer other note 7(d) of Annexure I) (amount unascertained)</p>	<p>In view of the shutdown of the plant & suspension of operations since 10th August, 2013, no provision has been made in the books of accounts for the following:</p> <p>a. Interest on unsecured loan from Promoters and other parties from 10.08.2013 to 31.03.2016 is subject to representation for waiver. Thus the impact can't be estimated.</p> <p>c. Salaries, Wages and allowances as well as employee benefits expenses w.e.f. 10.08.2013 to 31.03.2016 as negotiation with the employees for full and final payment is in process, thus the impact can't be estimated.</p> <p>d. Interest on unpaid statutory dues on Provident Fund and Family Pension Fund would be ascertained at the time of availability of fund for payment.</p>	<p>Since item (a) the matter is subject to representation for waiver to concerned parties and for item (c) is subject to negotiation with employees of the Company, the amount is unascertainable at this stage.</p> <p>In respect of item (d) the amount is likely to be ascertained by the management in due course.</p>

