**ARSK & ASSOCIATES**
CHARTERED ACCOUNTANTS

Unimark Asian, 16th Floor
52/1, Shakespeare Sarani
Kolkata - 700 017
Tel : (91) (33) 4095-2000
E-mail : info@arsk.in

# INDEPENDENT AUDITOR'S REPORT

To the Members of **B.S. SPONGE PRIVATE LIMITED**



## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Financial Statements of **B.S. SPONGE PRIVATE LIMITED** ("the Company"), which comprise the Balance sheet as at **31st March, 2023**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March, 2023**, the profit for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors' Report (including annexures), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of Management and Those Charged with Governance 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 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 standards specified under section 133 of the Act and other accounting principles generally accepted in India. 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 the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matter

The financial Statements of the company for the year ended March 31, 2022, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statement on 22nd August, 2022.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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(b) 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, the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) 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 and the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors as on **31st March 2023** taken on record by the Board of Directors, none of the directors as on **31st March 2023** are disqualified from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

(g) The provisions of section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the said section is not applicable to the company.

(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, (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigation which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses.

iii. There are no such amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ('intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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To the Members of **B.S. SPONGE PRIVATE LIMITED**



(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For ARSK & Associates**
Chartered Accountants
Firm's Reg. No.: 315082E

ARSK & ASSOCIATES Kolkata Chartered Accountants

**CA S. K. Kabra**
Partner
Membership No. 052205
UDIN : 23052205BGWHTY1783

Place: Kolkata
Date: 29-09-2023

**ARSK & ASSOCIATES**
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Unimark Asian, 16th Floor
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## Annexure – "A" TO THE INDEPENDENT AUDITOR'S REPORT (B.S. SPONGE PVT LIMITED)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **B.S. SPONGE PVT LIMITED** of even date)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

**1.** (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B. As the Company does not hold any intangible asset, reporting under clause 3(i)(a)(B) of the Order is not applicable.

(b) The Property, Plant and Equipment have been physically verified by the management during the year, which, in our opinion, provides for physical verification at reasonable intervals. As informed, no material discrepancies were noticed on such verifications.

(c) The title deed of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of lessee), as disclosed in Notes of Property, Plant and Equipment to the financial statements, are held in the name of the company.

(d) The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets.

(e) As per the information and explanations given to us by the management, no proceedings have been initiated during the year or are pending against the Company as at 31 March' 2023 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

**2.** (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of the security of current assets. Return or statements filled quarterly with such banks are in agreement with books of accounts other than those as disclosed in the Note No- 39 to the financial statements and the set out below:

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(Rs. In Lakhs)

| Quarter ending | Particulars | Amount as per books | Amount as reported in the quarterly statements/ returns | Difference # |
|---|---|---|---|---|
| 30-06-22 | Inventories (incl. advance given to supplier of raw material) | 17,438.52 | 16,018.43 | 1,420.09 |
| | Trade Payables for raw materials* | 290.69 | 290.42 | 0.27 |
| | Trade Receivables | 784.23 | 875.48 | (91.25) |
| | Advance from customers | 140.51 | 228.61 | (88.10) |
| 30-09-22 | Inventories (incl. advance given to supplier of raw material) | 21,186.07 | 19,708.73 | 1,477.34 |
| | Trade Payables for raw materials* | 119.75 | 247.55 | (127.80) |
| | Trade Receivables | 839.31 | 842.15 | (2.84) |
| | Advance from customers | 156.87 | 156.80 | 0.07 |
| 31-12-22 | Inventories (incl. advance given to supplier of raw material) | 22,994.39 | 20,799.14 | 2,195.25 |
| | Trade Payables for raw materials* | 57.63 | 57.42 | 0.21 |
| | Trade Receivables | 841.31 | 820.76 | 20.55 |
| | Advance from customers | 413.68 | 411.14 | 2.54 |
| 31-03-23 | Inventories (incl. advance given to supplier of raw material) | 20,138.91 | 20,518.52 | (379.61) |
| | Trade Payables for raw materials* | 129.93 | 192.83 | (62.90) |
| | Trade Receivables | 2,024.96 | 2,034.54 | (9.58) |
| | Advance from customers | 269.86 | 294.46 | (24.60) |

* Trade Payables does not include balances of parties to whom letter of credit has been issued.

# The bank returns were prepared and filed before the completion of all financial statement closure activities including adjustments / reclassifications related to Accounting Standards, as applicable, which led to these differences between final books of accounts and the bank return which were based on provisional books of accounts.

The Company has not been sanctioned any working capital facility from financial institutions.

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**3.** (a) The Company has granted unsecured loan to a company during the year, in respect of which:

(Rs. In Lakhs)

| Particulars | Loans |
|---|---|
| A. Aggregate amount granted / provided during the year: | |
| - Subsidiaries | NIL |
| - Joint Ventures | NIL |
| - Associates | NIL |
| - Others | 185.99 |
| B. Balance outstanding as at balance sheet date in respect of above cases: | |
| - Subsidiaries | NIL |
| - Joint Ventures | NIL |
| - Associates | NIL |
| - Others | 185.99 |

The Company has not provided any guarantee or security or granted any advances in the nature of loans to any other entity during the year.

(b) The terms and conditions of the grant of loan provided and investment made are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loan granted to a company the schedule of repayment of principal and payment of interest and other terms and conditions are mutually agreed upon between the party to the loan and thus on the basis of information and explanations given to us and based on the audit procedures conducted by us, in our opinion the repayment of principal and payment of interest in respect of such loan has been found regular.

(d) According to information and explanations given to us, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) According to the information and explanations given to us, no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

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4. According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

7. (a) According to the information and explanation given to us and the books and records examined by us, the company is regular in depositing with the appropriate authorities the undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues as applicable to the Company.

   There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

8. According to the information and explanation given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

9. (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

   (b) According to the information and explanations provided to us the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

   (c) According to the information and explanations provided to us the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

   (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

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(e) According to the information and explanations provided to us, the Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order are not applicable.

(f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.

**10.** (a) According to the information and explanation given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

**11.** (a) According to the information and explanations given to us, and to the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, and to the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the company during the year.

**12.** In our opinion and according to the information and the explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

**13.** In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

**14.** (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) The reports of the Internal Auditor for the period under audit has been considered by us.

**15.** In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

ARSK & ASSOCIATES Kolkata * Chartered Accountants *

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**16.** a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial/housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs which are a part of the Group. We have not, however, separately evaluated whether the information provided by the Management is accurate and complete. Accordingly, the requirements of clause 3(xvi)(d) are not applicable to the Company.

**17.** The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

**18.** There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors, if any.

**19.** On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

**20.** (a) In our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.

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(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount pertaining to previous financial year to a Special account under the provisions of section 135(6) of the Act, except for an amount of Rs. 0.61 lakhs which was deposited to the Special account in delay of two days from the due date specified under section 135(6) of the Act.

**21.** According to the information and explanation given to us, the Company is not required to prepare the consolidated financial statements as per the provisions of the Companies Act, 2013. Hence reporting under the clause 3(xxi) is not applicable.

**For ARSK & Associates**
Chartered Accountants
Firm's Reg. No.: 315082E

ARSK & ASSOCIATES Kolkata Chartered Accountants

**CA. S.K. Kabra**
Partner
Membership No. 052205
UDIN: 23052205BGWHTY1783

Place: Kolkata
Date: 29-09-2023

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## Annexure – "B" TO THE INDEPENDENT AUDITOR'S REPORT (B.S. SPONGE PVT LIMITED)



(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **B.S. SPONGE PVT LIMITED** of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act )

We have audited the internal financial controls over financial reporting of **B.S. SPONGE PVT LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Tel : (91) (33) 4095-2000
E-mail : info@arsk.in

## Annexure – "B" TO THE INDEPENDENT AUDITOR'S REPORT (B.S. SPONGE PVT LIMITED)



### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that income and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

**For ARSK & Associates**
Chartered Accountants
Firm's Reg. No.: 312121E

ARSK & ASSOCIATES
Kolkata
Chartered Accountants

**CA. S.K. Kabra**
Partner
Membership No. 052205
UDIN: 23052205BGWHTY1783

Place : Kolkata
Date : 29-09-2023

**B.S. SPONGE PRIVATE LIMITED**
**CIN : U27102WB2000PTC091975**
**Balance Sheet as at 31st March, 2023**

(₹ in lakhs)

| Particulars | Note No. | As at 31st March 2023 | As at 31st March 2022 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **1 Shareholders' Funds** | | | |
| Share Capital | 2 | 537.11 | 537.11 |
| Reserves and Surplus | 3 | 24,181.69 | 17,461.87 |
| | | 24,718.80 | 17,998.98 |
| **2 Non-Current Liabilities** | | | |
| Long Term Borrowings | 4 | 24,394.62 | 11,124.98 |
| Deferred Tax Liabilities (Net) | 5 | 3,401.58 | 1,914.03 |
| Long-term provision | 6 | 136.63 | - |
| | | 27,932.82 | 13,039.01 |
| **3 Current Liabilities** | | | |
| Short Term Borrowings | 7 | 12,109.99 | 9,846.73 |
| Trade Payables | 8 | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,956.50 | 1,324.98 |
| Other Current Liabilities | 9 | 3,057.42 | 487.78 |
| Short-Term Provisions | 10 | 867.68 | 2,319.65 |
| | | 17,991.58 | 13,979.14 |
| **TOTAL** | | **70,643.21** | **45,017.13** |
| **II. ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| Property, Plant & Equipment | 11 | 35,649.00 | 16,428.58 |
| Capital Work-in-Progress | 12 | 8,401.89 | 5,605.79 |
| Non-Current Investment | 13 | 33.21 | 33.21 |
| Long Term Loans and Advances | 14 | 426.80 | 19.74 |
| Other Non-Current Assets | 15 | 925.12 | 833.58 |
| | | 45,436.03 | 22,920.89 |
| **2 Current Assets** | | | |
| Inventories | 16 | 14,403.88 | 7,624.09 |
| Trade Receivables | 17 | 2,024.96 | 799.61 |
| Cash and Cash Equivalents | 18 | 78.44 | 302.01 |
| Short-Term Loans and Advances | 19 | 8,133.48 | 13,147.31 |
| Other Current Assets | 20 | 566.43 | 223.21 |
| | | 25,207.18 | 22,096.23 |
| **TOTAL** | | **70,643.21** | **45,017.13** |
| **Significant Accounting Policies** | 1 | | |
| **Notes to Financial Statements** | 2 to 43 | | |

**As per our Report of even date attached**
**For ARSK & Associates**
Chartered Accountants
Firm Registration No. 315082E

**For and on behalf of the Board of Directors**

For, B. S. Sponge Pvt.Ltd.
Director

For, B. S. Sponge Pvt.Ltd.
Director

**CA. S.K. Kabra**
Partner
Membership No. 052205

**Parmanand Agarwal**
Director
DIN: 00585415

**Ashish Agarwal**
Director
DIN: 01218609

Place: Kolkata
Date : 29-09-2023

ARSK & ASSOCIATES ★ Kolkata ★ Chartered Accountants

B.S. SPONGE PVT. LTD.

**B.S. SPONGE PRIVATE LIMITED**
**CIN : U27102WB2000PTC091975**
**Statement of Profit & Loss for the year ended 31st March, 2023**

(₹ in lakhs)

| | Particulars | Note No. | For the year ended 31st March 2023 | For the year ended 31st March 2022 |
|---|---|---|---|---|
| I | Revenue from operations | 21 | 81,246.22 | 68,295.55 |
| II | Other Incomes | 22 | 104.28 | 81.88 |
| III | **Total Income (I+II)** | | **81,350.50** | **68,377.43** |
| IV | **Expenses** | | | |
| | Cost of material consumed | 23 | 53,814.29 | 50,843.86 |
| | Changes in Inventories | 24 | 171.96 | (1,397.97) |
| | Employee benefits expenses | 25 | 2,583.12 | 1,811.01 |
| | Finance costs | 26 | 2,136.74 | 1,083.57 |
| | Depreciation & amortisation expense | 11 | 3,089.86 | 1,892.61 |
| | Other expenses | 27 | 8,408.44 | 8,246.79 |
| V | **Total Expenses** | | **70,204.41** | **62,479.87** |
| VI | **Profit before tax (III - V)** | | **11,146.09** | **5,897.57** |
| VII | **Tax expenses** | | | |
| | Current Tax | | 2,833.37 | 1,432.97 |
| | Deferred Tax | | 1,524.92 | (19.92) |
| | Tax adjustment for earlier year | | (1.59) | - |
| VIII | **Profit for the year (VI-VII)** | | **6,789.39** | **4,484.52** |
| | Earnings per equity share :<br>Basic & Diluted (in ₹) | 28 | 144.64 | 95.53 |
| | **Significant Accounting Policies** | **1** | | |
| | **Notes to Financial Statements** | **2 to 43** | | |

**As per our Report of even date attached**
**For ARSK & Associates**
Chartered Accountants
Firm Registration No. 315082E

**For and on behalf of the Board of Directors**

For, B. S. Sponge Pvt.Ltd. Director

For, B. S. Sponge Pvt.Ltd. Director

**CA. S.K. Kabra**
Partner
Membership No. 052205

Place: Kolkata
Date : 29-09-2023

ARSK & ASSOCIATES Kolkata Chartered Accountants

**Parmanand Agarwal**
Director
DIN: 00585415

**Ashish Agarwal**
Director
DIN: 01218609

B.S. SPONGE PVT. LTD.

**B. S. SPONGE PRIVATE LIMITED**
**CIN : U27102WB2000PTC091975**
**Cash Flow Statement for the year ended 31st March, 2023**

(₹ in lakhs)

| Particulars | For the Year ended 31.03.2023 | | For the Year ended 31.03.2022 | |
|---|---|---|---|---|
| I.Cash Flow From Operating Activities | | | | |
| Profit before Tax | | 11,146.09 | | 5,897.57 |
| Adjustments for : | | | | |
| Depreciation for the year | 3,089.86 | | 1,892.61 | |
| Finance cost | 1,932.61 | | 1,074.38 | |
| Interest income | (64.58) | | (70.03) | |
| Provision for gratuity | 39.30 | | - | |
| | | 4,997.20 | | 2,896.96 |
| Operating Profit before Working Capital Changes | | 16,143.29 | | 8,794.53 |
| Adjustments for : | | | | |
| (Increase) / Decrease in Inventory | (6,779.79) | | 415.45 | |
| (Increase) / Decrease in Trade Receivables | (1,225.35) | | (223.11) | |
| (Increase) / Decrease in Short Term Loans & Advances | 5,013.83 | | (7,605.99) | |
| (Increase) / Decrease in Other Current Assets | (343.22) | | 0.97 | |
| Increase / (Decrease) in Trade Payables | 631.52 | | 983.49 | |
| Increase / (Decrease) in Other Current Liabilities | 2,569.64 | | (572.31) | |
| Increase / (Decrease) in Short Term Provisions | (2,320.80) | | - | |
| | | (2,454.16) | | (7,001.50) |
| Net Cash Flow from Operation | | 13,689.12 | | 1,793.03 |
| Less: Tax Paid/Adjusted | | 1,972.57 | | - |
| **Net Cash Flow from Operating Activities (A)** | | **11,716.55** | | **1,793.03** |
| II.Cash Flow From Investing Activities | | | | |
| Increase/Decrese of Plant, Property & Equipment | (617.17) | | (3,739.79) | |
| Increase/ Decrease of Capital Work in Progress | (24,489.22) | | (3,523.15) | |
| Increase/ Decrease of Other non-current assets | (65.81) | | (573.14) | |
| Increase/ Decrease of Long Term Loans & Advances | (407.06) | | 173.11 | |
| Increase/ Decrease of Fixed deposit | (25.73) | | (320.78) | |
| Interest income | 64.58 | (25,540.40) | 70.03 | (7,913.72) |
| **Net Cash Flow from Investing Activities (B)** | | **(25,540.40)** | | **(7,913.72)** |
| III.Cash Flow From Financing Activities | | | | |
| Proceeds from Long/Short term Borrowings (net) | 15,532.90 | | 6,821.27 | |
| Finance cost | (1,932.61) | 13,600.28 | (1,074.38) | 5,746.89 |
| **Net Cash Flow from Financing Activities (C)** | | **13,600.28** | | **5,746.89** |
| **Increase(Decrease) in Cash & Cash equivalents (A+B+C)** | | **(223.56)** | | **(373.80)** |
| **Opening Cash & Cash equivalent** | | **302.01** | | **675.81** |
| **Closing Cash & Cash equivalent** | | **78.44** | | **302.01** |

In terms of our report of even date attached.

**For ARSK & Associates**
Chartered Accountants
Firm Registration No. 315082E

**CA. S.K. Kabra**
Partner
Membership No. 052205

Place: Kolkata
Date : 29-09-2023

ARSK & ASSOCIATES Kolkata Chartered Accountants

**For and on behalf of the Board of Directors**

For, B. S. Sponge Pvt.Ltd.
Director

**Parmanand Agarwal**
Director
DIN: 00585415

For, B. S. Sponge Pvt.Ltd.
Director

**Ashish Agarwal**
Director
DIN: 01218609

B.S. SPONGE PVT. LTD.

## 1 SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the applicable Accounting Standards notified under Section 133 of the the Companies Act, 2013 read with Rule 7 of Companies (Accounts Rules), 2014 under historical cost convention on accural basis.
All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of activities, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### B. USE OF ESTIMATES

**(i)** The preparation of the financial statements is in conformity with Indian GAAP (Generally Accepted Accounting Principles) which requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as on the date of the financial statements. The estimates and assumptions made and applied in preparing the financial statements are based upon management's best knowledge of current events and actions as on the date of financial statements. However, due to uncertainties attached to the assumptions and estimates made actual results could differ from those estimated. Any revision to accounting estimates is recognised prospectively in current and future periods.

### C. PROPERTY, PLANT & EQUIPMENT:

**(i) Initial Recognition**

The tangible items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any, using the cost model as prescribed under Accounting Standard, AS-10 "Property, Plant & Equipment". Cost of an item of property, plant and equipment comprises of the purchase price, including import duties, if any, non-refundable purchase taxes, after deducting trade discounts and rebates, and costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**(ii) Depreciation**

Depreciation on Property, Plant & Equipment is provided to the extent of depreciation amount on Written Down Method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on assets purchased / acquired during the year is charged from the date of purchase / acquisition of the asset or from the day the asset is ready for its intended use. Similarly, depreciation on assets sold / discarded during the year is charged up to the date when the asset is sold / discarded.

### D. INTANGIBLE ASSETS

An intangible asset is recognised if, and only if:

(a) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and
(b) the cost of the asset can be measured reliably.

An intangible asset is measured initially at cost.The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Directly attributable expenditure includes, for example, professional fees for legal services. Any trade discounts and rebates are deducted in arriving at the cost.Subsequent expenditure on an intangible asset after its purchase or its completion should be recognised as an expense when it is incurred unless:

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(a) it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and

(b) the expenditure can be measured and attributed to the asset reliably.After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

**Depreciation**

As there is no Intangible Assets,No Depreciation is allocated on Such Assets.

**E. INVENTORIES:**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their presentlocation and condition. The costs of purchase consist of the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase. The cost of inventories are determined by using the Weighted Average Method.Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

**F. REVENUE RECOGNITION:**

**(a) Sale of goods**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been passed to the buyer and it is reasonable to expect ultimate collection. Sale of goods is recognised net of GST and other taxes as the same is recovered from customers and passed on to the government.

**(b) Other Income & Expenses**

Dividend income is recognised when the right to receive it is established.

Interest income is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

Other items of income and expenses are recognised on accrual basis.

**G. INVESTMENTS**

Non-Current Investments/ Long-term are stated at cost. The cost of long terms investment includes acquisition charges such as brokerage, fees and duties. Provision is made for diminution in the value of the investments, if, in the opinion of the management, the same is considered to be other than temporary in nature. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. When disposing of a part of the holding of an individual investment, the carrying amount to be allocated to that part is to be determined on the basis of the average carrying amount of the total holding of the investment.

**H. EMPLOYEE BENEFITS:**

**(i) Short Term Employee Benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, short term compensated absences and bonus that are recognised as expenses in the period in which the employee renders the related service.

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**(ii) Post- Employment Benefits**

**(a) Defined Contribution Plans**

The Company has a Defined Contribution Plan for Post employment benefits in the form of Provident/Family Pension Fund for all employees which is administered by Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution plans are charged to the Statement of Profit and Loss as and when incurred.

**(b) Defined Benefit Plans**

(i) Gratuity- The Company has a Defined Contribution Plan for Post employment benefits in the form of Gratuity.

Liability for the above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

(ii) Other Long-Term Employee Benefit

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

(iii) Termination benefits are recognized as an expense as and when incurred.

I. **BORROWING COST:**

Borrowing costs are interest, commitment charges and other costs incurred by an enterprise in connection with Short Term/ Long Term borrowing of funds. Borrowing cost directly attributable to acquisition or construction or production of qualifying assets are capitalized as a part of the cost of the assets, upto the date the asset is ready for its intended use. All other borrowing costs are recognized in the Statement of Profit and Loss in the year in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

J. **CAPITAL WORK IN PROGRESS:**

Capital Work in Progress is valued at cost. Cost comprises of purchase price including import duties,if any, non refundable purchase taxes, after deducting trade discounts and rebates, and borrowing cost on qualifying assets and other cost that are directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

K. **EARNINGS PER SHARE:**

The earnings in ascertaining the Company's EPS comprises the net profit after tax attributable to equity shareholders and includes the post tax effect of any extraordinary items. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax attributable to Equity Shareholders (including the post tax effect of extra ordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period.

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**L. TAXATION:**

Tax expense for the year comprising current tax & deferred tax are considered in determining the net profit for the year. Provision is made for current tax and based on tax liability computed in accordance with relevant tax laws applicable to the Company. Provision is made for deferred tax for all timing difference arising between taxable incomes & accounting income at currently enacted or substantively enacted tax rates, as the case may be. Deferred tax assets (other than in situation of unabsorbed depreciation and carry forward losses) are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

Deferred tax assets, in situation of unabsorbed depreciation and carry forward losses under tax laws are recognised only to the extent that where is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be recognised. Deferred Tax Assets and Deferred Tax Liability have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liability and where the Deferred Tax Asset and Deferred Tax Liability relate to Income taxes is levied by the same taxation authority.

**M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

**(i) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**(ii) Contingent Liability**

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(ii) Contingent Assets**

Contingent Assets are neither recognised nor disclosed in the financial statements.

**N. IMPAIRMENT OF ASSETS:**

Assessment is done at each Balance Sheet date as to whether there is any indication that a tangible asset might be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash flows from other assets or other group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of asset/ cash generating unit is made.

Assets whose carrying value exceeds their recoverable amount are written down to recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting period may no longer exist or may have decreased.

**O. CASH & CASH EQUIVALENTS:**

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Cash & cash equivalents comprise cash and cash on deposit with banks and corporations.

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Chartered Accountants

## P LEASES:

Lease payments under an operating is recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

## Q FOREIGN CURRENCY TRANSACTIONS:

**Initial recognition**

Transactions in foreign currency are accounted for at exchange rates prevailing on the date of the transaction.

**Measurement of foreign currency monetary items at Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) as at Balance Sheet date are restated at the year end rates.

**Exchange difference**

Exchange differences arising on settlement of monetary items are recognised as income or expense in the period in which they arise.

Exchange difference arising on restatement of foreign currency monetary items as at the year end being difference between exchange rate prevailing on initial recognition/subsequent restatement on reporting date and as at current reporting date is adjusted in the Statement of Profit & Loss for the respective year.

Any expense incurred in respect of Forward contracts entered into for the purpose of hedging is charged to the Statement of Profit and loss.

**Forward Exchange Contract**

The Premium or discount arising at the inception of the Forward Exchange contracts entered into to hedge an existing asset/liability, is amortized as expense or income over the life of the contract. Exchange Differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such a forward contract is recognized as income or expense in the period in which such cancellation or renewal is made.

## R GOVERNMENT GRANTS:

Government grants available to the enterprise are recognised:

(i) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and
(ii) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

Government grants received as compensation for expenses or losses incurred in a previous accounting period is recognised in the income statement of the period in which it becomes

Grants related to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Grants related to revenue are credited in the profit and loss statement.

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

**2**

| Share Capital | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Authorized Share Capital** | | | | |
| Equity Shares of ₹10/- each | 47,50,000 | 475.00 | 47,50,000 | 475.00 |
| 4% Non cumulative optionally convertible redeemable preference shares of ₹10/- each | 17,50,000 | 175.00 | 17,50,000 | 175.00 |
| | **65,00,000** | **650.00** | **65,00,000** | **650.00** |
| **Issued Share Capital** | | | | |
| Equity Shares of ₹10/- each | 46,94,210 | 469.42 | 46,94,210 | 469.42 |
| 4% Non cumulative optionally convertible redeemable preference shares of ₹10/- each | 6,76,875 | 67.69 | 6,76,875 | 67.69 |
| | **53,71,085** | **537.11** | **53,71,085** | **537.11** |
| **Subscribed & Fully- Paid up Share Capital** | | | | |
| Equity Shares of ₹10/- each | 46,94,210 | 469.42 | 46,94,210 | 469.42 |
| 4% Non cumulative optionally convertible redeemable preference shares of ₹10/- each | 6,76,875 | 67.69 | 6,76,875 | 67.69 |
| | **53,71,085** | **537.11** | **53,71,085** | **537.11** |

**2.1 The reconciliation of the number of shares outstanding is set out below:**

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 46,94,210 | 469.42 | 46,94,210 | 469.42 |
| **Balance as at the end of the year** | **46,94,210** | **469.42** | **46,94,210** | **469.42** |

**2.2 Reconciliation of Preference shares of ₹10/- each outstanding at the beginning and at the end of reporting period.**

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 6,76,875 | 67.69 | 6,76,875 | 67.69 |
| **Balance as at the end of the year** | **6,76,875** | **67.69** | **6,76,875** | **67.69** |

**2.3 Rights, Preference and restrictions attached to Equity Shares of ₹10/- each.**

**Note : The promoters have been defined as persons having control over the affairs of the Company, directly / indirectly.**

The Company has not reserved any share for issue under options and contracts or commitments for the sale of shares / disinvestment.

The Company during the preceeding five years :

i) has not alloted equity shares pursuant to contracts without payment receieved in cash ;

ii) has not alloted shares as fully paid up by way of bonus shares ;

iii) has not bought back any shares.

There are no calls unpaid by directors or officers of the Company.

The Company has issued 4% Non-Cumulative Optionally Convertible Redeemable Preference Shares during the preceeding financial years. Details are disclosed in Note No. 2.5.

The Company has not forefeited any shares during the above financial years.

Par value per share is ₹10 each.

**2.4** The Company has only one class of equity share having a face value of ₹10 per share. Each shareholder is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

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(All amounts are in Rupees Lakhs, unless otherwise stated)

2.5 The Company has 4% Non-Cumulative Optionally Convertible Redeemable Preference Shares of ₹10/- per share. On or before the end of 20 years from the date of allotment of the aforesaid shares, at the option of the preference shareholder, it shall be converted into equity shares, at a conversion price as may be determined by an independent valuer or redeemed. In case, the options for conversion into equity shares or redemption is not exercised, within the said period of 20 years, the shares shall be compulsorily converted into equity shares at the end of 20 years from the date of allotment at a conversion price as may be determined by an independent valuer. The request for early redemption, in whole or part, by any preference shareholder shall be at the absolute discretion of the board and early redemption after 31.03.2021 shall be redeemed at a premium over the nominal value. The Preference shareholders shall have voting rights in meeting of such shareholder, only in accordance with the Companies Act, 2013. The preference shares, upon conversion shall rank pari-passu in all respect including as to dividend with the existing fully paid-up equity shares of face value of ₹10/- each of the Company. In case of winding up, if surplus exist, the outstanding preference shares (if any), will be redeemed at Par.

**2.6 Details of shareholders holding more than 5% of the Equity Share Capital of the company ( ₹10/- each fully paid up).**

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|
| | No of shares held | (%) | No of shares held | (%) |
| Parmanand Agarwal | 10,88,400 | 23.19% | 10,88,400 | 23.19% |
| Ashish Agarwal | 16,81,200 | 35.81% | 16,81,200 | 35.81% |
| Sulochana Agarwal | 4,58,000 | 9.76% | 4,58,000 | 9.76% |
| Nachiketa Gift-Ads Pvt Ltd | 11,93,800 | 25.43% | 11,93,800 | 25.43% |
| **Total** | **44,21,400** | **94.19%** | **44,21,400** | **94.19%** |

**2.7 Details of shareholders holding more than 5% of the Preference Share Capital of the company ( ₹10/- each fully paid up).**

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|
| | No of shares held | (%) | No of shares held | (%) |
| Sudarshan Goods Pvt Ltd | 6,78,675 | 100% | 6,78,675 | 100% |

**2.8 Details of Fully Paid up Equity shares of ₹10/- each held by the Promoters of the company:**

| Promoter Name | As at the beginning of the | | As at the end of the year | | % Change during the year |
|---|---|---|---|---|---|
| | No of shares held | % of total shares | No of Shares held | % of total shares | |
| Parmanand Agarwal | 10,88,400 | 23.19% | 10,88,400 | 23.19% | - |
| Ashish Agarwal | 16,81,200 | 35.81% | 16,81,200 | 35.81% | - |
| Sulochana Agarwal | 4,58,000 | 9.76% | 4,58,000 | 9.76% | - |
| Nachiketa Gift-Ads Pvt Ltd | 11,93,800 | 25.43% | 11,93,800 | 25.43% | - |
| **Total** | **44,21,400** | **94.19%** | **44,21,400** | **94.19%** | - |

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**Notes forming part of the financial statement for the year ended 31st March 2023**
**(All amounts are in Rupees Lakhs unless otherwise stated)**

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| Reserves & Surplus | | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|---|
| **General Reserve** | | | |
| Opening balance | | 130.14 | 130.14 |
| Closing balance | (a) | 130.14 | 130.14 |
| **Securities Premium** | | | |
| Opening balance | | 3,590.55 | 3,590.55 |
| Closing balance | (b) | 3,590.55 | 3,590.55 |
| **Surplus i.e. Balance in Statement of Profit & Loss** | | | |
| Opening balance | | 13,741.18 | 9,256.66 |
| Add : Profit during the year | | 6,789.39 | 4,484.52 |
| Less : Adjustment on account of employee benefit expenses (Refer note no. 35) | | 69.58 | - |
| Closing balance | (c) | 20,461.00 | 13,741.18 |
| Total (a+b+c) | | **24,181.69** | **17,461.87** |

4

| Long term borrowings | | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|---|
| **Secured** | | | |
| Term loan (including guaranteed emergency credit line) (Refer note 4.1) | | 24,767.73 | 10,761.95 |
| Less : Current maturities | | (2,409.57) | (1,925.55) |
| | (a) | **22,358.16** | **8,836.40** |
| Vehicle loan from scheduled banks (Refer note 4.2) | | 216.83 | 395.82 |
| Less : Current maturities | | (145.93) | (265.54) |
| | (b) | **70.90** | **130.28** |
| **Unsecured** | | | |
| Borrowings from related parties (Refer note 4.3) | | 1,965.56 | 2,158.30 |
| | (c) | **1,965.56** | **2,158.30** |
| Total (a+b+c) | | **24,394.62** | **11,124.98** |

**4.1 The stipulations of consortium finance agreement are as follows :**

**a) Following banks have entered into a consortium finance agreement to provide fund and non-fund based credit facilities:**

1) Indian Bank (Lead Banker)
2) HDFC Bank
3) Axis Bank
4) State Bank of India (including replacement of consortium share earlier lended by Yes Bank)

**b) Details of Security :**

**-For Term Loan:**

• First charge by way of hypothication of entire existing plant & machinaries of existing steel plant of raigarh, chhattishgarh in favour of consortium lenders, on pari paru basis.

• First charge by way of hypothication on the plant & machinaries relating to the proposed installation of two new kilns, new strip mills and new 10 MW power plant to be purchased out of fresh term loans from consortium lenders, on pari pasu basis.

• First Pari passu charge by way of hypothecation of existing other movable assets.

• Second pari passu charge by way of hypothecation of entire current assets (present & future) including stock of raw materials, finished goods, stock in process, stores and spares, packing materials at factory premises and/or at any other places as may be approved by Bank from time to time, induding goods in transit and outstanding moneys/ book debts/receivables.

**c) Details of Collateral :**

• First Pari Passu Charge by way of equitable mortgage on the entire land & building, factory shed of the company at Village Taraimal, PO Gerwani, Dist Raigarh, Chhattisgarh in the name of company in favour of both working capital and term lenders under the consortium.

**d) Personal Guarantees of Directors :**

1) Parmanand Agarwal
2) Ashish Agarwal

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(All amounts are in Rupees Lakhs unless otherwise stated)

4.2 Details of Vehicle loans availed from scheduled banks

| Terms of repayment | Payable as at 31.03.2023 | Payable as at 31.03.2022 |
|---|---|---|
| Payable to Indusind Bank in 27 installments commencing from February 2020 @ Rate of interest - 9.89% p.a | - | 2.20 |
| Payable to Indusind Bank in 27 installments commencing from February 2020 @ Rate of interest - 9.75% p.a | - | 1.33 |
| Payable to Indusind Bank in 27 installments commencing from February 2020 @ Rate of interest - 9.75% p.a | - | 1.33 |
| Payable to Indusind Bank in 24 installments commencing from July 2020 @ Rate of interest - 10.64% p.a | - | 2.99 |
| Payable to Indusind Bank in 24 installments commencing from September 2020 @ Rate of interest - 9.76% p.a | - | 11.15 |
| Payable to Indusind Bank in 23 installments commencing from Januray 2021 @ Rate of interest - 9.56% p.a | - | 12.30 |
| Payable to Indusind Bank in 23 installments commencing from March 2021 @ Rate of interest - 9.01% p.a | - | 16.39 |
| Payable to Indusind Bank in 23 installments commencing from February 2021 @ Rate of interest - 9.76% p.a | - | 7.73 |
| Payable to Indusind Bank in 47 installments commencing from August 2021 @ Rate of interest - 8.43% p.a | 16.31 | 22.61 |
| Payable to Indusind Bank in 47 installments commencing from August 2021 @ Rate of interest - 8.34% p.a | 23.73 | 32.92 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 12.92 | 37.37 |
| Payable to HDFC Bank in 23 installments commencing from March 2022 @ Rate of interest - 7.29% p.a | 7.08 | 15.02 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 9.75 | 28.21 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 4.08 | 11.79 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 4.08 | 11.79 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 8.52 | 24.63 |
| Payable to HDFC Bank in 23 installments commencing from December 2021 @ Rate of interest - 7.29% p.a | 5.11 | 13.38 |
| Payable to HDFC Bank in 23 installments commencing from February 2022 @ Rate of interest - 7.29% p.a | 7.14 | 16.05 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 12.92 | 37.37 |
| Payable to HDFC Bank in 23 installments commencing from November 2021 @ Rate of interest - 7.29% p.a | 9.75 | 28.21 |
| Payable to HDFC Bank in 23 installments commencing from March 2022 @ Rate of interest - 7.36% p.a | 7.08 | 15.02 |
| Payable to HDFC Bank in 23 installments commencing from March 2022 @ Rate of interest - 7.36% p.a | 7.08 | 15.02 |
| Payable to HDFC Bank in 23 installments commencing from March 2022 @ Rate of interest - 7.36% p.a | 7.08 | 15.02 |
| Payable to HDFC Bank in 23 installments commencing from February 2022 @ Rate of interest - 7.36% p.a | 7.14 | 16.05 |
| Payable to HDFC Bank in 37 installments commencing from April 2023 @ Rate of interest - 9.32% p.a | 49.63 | - |
| Payable to HDFC Bank in 37 installments commencing from May 2023 @ Rate of interest - 9.33% p.a | 17.44 | - |
| **Total** | **216.83** | **395.82** |

**Note :**

These loans are secured by hypothecation of respective vehicles acquired therefrom.

4.3 As per the terms of consortium finance agreement, repayment of unsecured loans shall not be made during the tenure of the agreement.

Rate of interest on the aforesaid loan is 9% p.a.

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5 **Deferred tax liabilities (net)**

In accordance with Accounting Standard 22 on Accounting for Taxes on Income the Company has accounted for Deferred tax Liability. The break up of the deferred tax liabilities as on 31st March 2023 are as under:

| Deferred tax liabilities (net) | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| **Deferred tax liability on** | | |
| Difference between tax base and book base of property, plant and equipment | 3,415.31 | 1,914.03 |
| **Deferred tax asset on** | | |
| Provision for employee benefits expense | 13.73 | - |
| Total | 3,401.58 | 1,914.03 |

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| Long-term provision | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Provision for gratuity | 136.63 | - |
| Total | 136.63 | - |

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| Short term borrowings | | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|---|
| (Secured) | | | |
| Current maturities of long term borrowings (Refer note - 4) | | | |
| - Term loan (including guaranteed emergency credit line) | | 2,409.57 | 1,925.55 |
| - Vehicle loan | | 145.93 | 265.54 |
| | (a) | 2,555.49 | 2,191.09 |
| Working capital facility from scheduled banks | | | |
| - Overdraft (Refer note 7.1) | | 40.62 | - |
| - Cash credit (Refer note - 7.2) | | 7,234.99 | 7,655.64 |
| - Working capital demand loan (Refer note - 7.2) | | 2,278.88 | - |
| | (b) | 9,554.49 | 7,655.64 |
| Total (a+b) | | 12,109.99 | 9,846.73 |

7.1 Overdraft facility to the tune of ₹58.00 Lakhs has been availed from Indian bank against the pledge of fixed deposit receipts.

**7.2 The stipulations of consortium finance agreement are as follows :**

**a) Following banks have entered into a consortium finance agreement to provide fund and non-fund based credit facilities:**

1) Indian Bank (Lead Banker)
2) HDFC Bank
3) Axis Bank
4) State Bank of India (including replacement of consortium share earlier lended by Yes Bank)

**b) Details of Security :**

**-For Working Capital Facilities:**

•First pari passu charge by way of hypothecation of entire current assets (present & future) including stock of raw materials, finished goods, stock in process, stores and spares,advances to suppliers of Raw materials, packing materials at factory premises and/or at any other places as may be approved by Bank from time to time, including goods in transit and outstanding moneys/ book debts/receivables.

•Second pari-passu charge on existing as well as proposed Fixed assets (present & future) of the company.

**c) Details of Collateral :**

• First Pari Passu Charge by way of equitable mortgage on the entire land & building, factory shed of the company at Village Taraimal, PO Gerwani, Dist Raigarh, Chhattisgarh in the name of company in favour of both working capital and term lenders under the consortium.

**d) Personal Guarantees of Directors :**

1) Parmanand Agarwal
2) Ashish Agarwal

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**(All amounts are in Rupees Lakhs unless otherwise stated)**

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| Trade Payables | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises ; and | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,956.50 | 1,324.98 |
| **Total** | **1,956.50** | **1,324.98** |

**Ageing schedule for Trade Payables outstanding from the due date of payment as at 31.03.2023**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) MSME | - | - | - | - | - |
| (ii) Others | 1,950.96 | 5.53 | - | - | **1,956.50** |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - |

**Ageing schedule for Trade Payables outstanding from the due date of payment as at 31.03.2022**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) MSME | - | - | - | - | - |
| (ii) Others | 1,324.98 | - | - | - | **1,324.98** |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - |

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| Other current liabilities | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Advance from customers | 269.86 | 223.31 |
| Payable for expenses | 1,802.18 | 181.35 |
| Payable for capital expenditure | 481.54 | - |
| Statutory dues | 344.08 | 83.12 |
| Interest accrued but not due on borrowings | 159.75 | - |
| **Total** | **3,057** | **487.78** |

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| Short term provisions | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Provision for gratuity | 9.63 | - |
| Provision for income tax (net of advance tax) | 858.05 | 2,319.65 |
| **Total** | **867.68** | **2,319.65** |

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**Notes forming part of the financial statement for the year ended 31st March 2023**
**(All amounts are in Rupees Lakhs unless otherwise stated)**

11 **Property, Plant & Equipments**
separately annexed

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| Capital work in progress | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Balance at the beginning of the year | 5,605.79 | 2,082.63 |
| Add: Addition during the year | 24,489.22 | 6,793.59 |
| Less: Capitalised during the year | 21,693.11 | 3,270.43 |
| **Total** | 8,401.89 | 5,605.79 |

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| Non - current investment | As At 31.03.2023 | | As At 31.03.2022 | |
|---|---|---|---|---|
| | Quantity (Nos.) | Amount | Quantity (Nos.) | Amount |
| **(Other Investments)** | | | | |
| **(Investments, unquoted, fully paid up at cost)** | | | | |
| **In equity shares** | | | | |
| **(Face value of ₹10 unless otherwise stated)** | | | | |
| Vimla Infrastructure (India) Private Limited | 500 | 0.55 | 500 | 0.55 |
| **Others** | | | | |
| Gold Coins | 181 | 32.66 | 181 | 32.66 |
| **Total** | | **33.21** | | **33.21** |

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| Long Term Loans & Advances | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Capital advances | 237.41 | 19.74 |
| Loan given to a related party * | 189.39 | - |
| **Total** | **426.80** | **19.74** |

* The above unsecured loans have been given for general corporate purpose.

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| Other non-current asset | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Security deposits | 149.28 | 103.63 |
| Fixed deposits with scheduled bank | 755.68 | 729.96 |
| Prepaid expenses | 20.16 | - |
| **Total** | **925.12** | **833.58** |

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**(All amounts are in Rupees Lakhs unless otherwise stated)**

| 16 | Inventories | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|---|
| | **(At lower of cost or net realisable value, unless otherwise stated)** | | |
| | **(As valued and certified by the management)** | | |
| | Raw Materials | 10,804.47 | 4,073.15 |
| | Work in Progress | 329.37 | 70.55 |
| | Stores and Spares | 848.37 | 627.95 |
| | Finished Goods | 2,295.74 | 2,752.64 |
| | Iron Ore Fines | 44.36 | 30.91 |
| | By Products | 61.57 | 13.02 |
| | Scraps | 19.99 | 55.87 |
| | **Total** | **14,403.88** | **7,624.09** |

| 17 | Trade receivables | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|---|
| | Trade receivables | | |
| | -Unsecured, considered good | 2,024.96 | 799.61 |
| | **Total** | **2,024.96** | **799.61** |

**A. Ageing schedule for Trade Receivables outstanding for following periods from due date of payment as at 31.03.2023.**

| Sl No | Particulars | Outstandings for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) | Undisputed Trade Receivables-Considered Good | 1,970.22 | 3.96 | 50.78 | - | - | **2,024.96** |
| (ii) | Undisputed Trade Receivables-Considered Doubtful | - | - | - | - | - | - |
| (iii) | Disputed Trade Receivables-Considered Good | | - | - | - | - | - |
| (iv) | Disputed Trade Receivables-Considered Doubtful | | - | - | - | - | - |

**B. Ageing schedule for Trade Receivables outstanding for following periods from due date of payment as at 31.03.2022.**

| Sl No | Particulars | Outstandings for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) | Undisputed Trade Receivables-Considered Good | 704.99 | 94.62 | - | - | - | **799.61** |
| (ii) | Undisputed Trade Receivables-Considered Doubtful | - | - | - | - | - | - |
| (iii) | Disputed Trade Receivables-Considered Good | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivables-Considered Doubtful | - | - | - | - | - | - |

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**(All amounts are in Rupees Lakhs unless otherwise stated)**

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| Cash and Cash equivalents | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| **Cash & Bank balances** | | |
| Balances with scheduled banks in current accounts (*) | 57.01 | 215.55 |
| Cash in hand | 21.43 | 86.46 |
| **Total** | **78.44** | **302.01** |

* Balances with banks in current accounts includes ₹0.39 Lakhs (PY ₹ 0.89 Lakhs) lying in inoperative bank account, statement whereof is not available.

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| Short term loan & Advances | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advance | | |
| - given to supplier | 7,691.65 | 10,505.40 |
| - against expenses | 421.12 | 517.77 |
| - given to staff | 20.05 | 14.08 |
| - given to an ex-staff | 0.65 | - |
| Advance payment of income tax (net of provision) | - | 2,110.06 |
| **Total** | **8,133.48** | **13,147.31** |

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| Other current assets | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Balances with revenue authorities | 363.46 | 30.84 |
| Interest accrued on | | |
| - Security deposit | 4.28 | 8.32 |
| - Fixed deposit | 157.78 | 163.97 |
| Subsidy receivable | 20.08 | 20.08 |
| Prepaid expenses | 20.83 | - |
| **Total** | **566.43** | **223.21** |

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(All amounts are in Rupees Lakhs, unless otherwise stated)

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| Revenue from operations | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Sales of iron & steel products | 81,246.22 | 68,295.55 |
| Total | 81,246.22 | 68,295.55 |

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| Other income | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Interest income on | | |
| - fixed deposit | 56.90 | 51.15 |
| - security deposit | 4.28 | 18.88 |
| - loan given | 3.40 | - |
| Rent income | 1.52 | 1.69 |
| Liabilities no longer required written back | 30.27 | 2.72 |
| Miscellaneous income | 7.90 | 7.44 |
| Total | 104.28 | 81.88 |

23

| Cost of materials consumed | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| **Raw Materials** | | |
| Opening Stock | 4,073.15 | 6,133.80 |
| Purchases | 53,607.80 | 43,794.09 |
| Transportation & Lifting Charges | 6,937.81 | 4,989.12 |
| | 64,618.76 | 54,917.01 |
| Less: Closing Stock | 10,804.47 | 4,073.15 |
| Total | 53,814.29 | 50,843.86 |

23.1 **Details of cost of raw materials consumed**

| Particulars | For the year ended 31.03.2023 | | For the year ended 31.03.2022 | |
|---|---|---|---|---|
| | Amount | % of consumption | Amount | % of consumption |
| Indigenous | 53,814.29 | 100 | 50,843.86 | 100 |
| Imported | - | - | - | - |
| | 53,814.29 | 100 | 50,843.86 | 100 |

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

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| Changes in inventories of finished goods, work in progress and by-product | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| **Work In Progress** | | |
| Opening Work-in-progress | 70.55 | 108.46 |
| Closing Work-in-progress | 329.37 | 70.55 |
| Sub-total (a) | (258.82) | 37.90 |
| **Finished Goods/By Products** | | |
| **Opening Stock** | | |
| Finished Goods | 2,752.64 | 1,283.65 |
| Scrap | 55.87 | 66.52 |
| Iron Ore Fines | 30.91 | 58.78 |
| By Products | 13.02 | 7.61 |
| | 2,852.44 | 1,416.56 |
| **Closing Stock** | | |
| Finished Goods | 2,295.74 | 2,752.64 |
| Scrap | 19.99 | 55.87 |
| Iron Ore Fines | 44.36 | 30.91 |
| By Products | 61.57 | 13.02 |
| | 2,421.66 | 2,852.44 |
| Sub-total (b) | 430.78 | (1,435.88) |
| Total (a+b) | 171.96 | (1,397.97) |

25

| Employee benefit expenses | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Directors remuneration | 427.71 | 427.14 |
| Salary ,wages & bonus | 2,001.50 | 1,303.54 |
| Gratuity expense | 39.30 | - |
| Staff welfare expenses | 27.31 | 21.30 |
| Contribution to provident & other funds | 87.29 | 59.02 |
| Total | 2,583.12 | 1,811.01 |

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| Finance Costs | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Interest on | | |
| - term loan | 971.69 | 633.43 |
| - cash credit | 588.66 | 252.27 |
| - overdraft | 2.01 | 3.05 |
| - working capital facility | 193.33 | - |
| - unsecured loan | 158.74 | 160.12 |
| - vehicle loans | 20.20 | 28.56 |
| - letter of credit | 25.32 | 6.15 |
| - on late payment of statutory dues | 14.81 | - |
| Other borrowing cost | 161.99 | - |
| Total | 2,136.74 | 1,083.57 |

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(All amounts are in Rupees Lakhs, unless otherwise stated)

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| Other Expenses | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Consumption of stores & spares (Refer note - 27.1) | 3,798.01 | 4,529.61 |
| Power & Fuel | 1,019.72 | 1,202.45 |
| Processing Charges | 1,147.75 | 907.15 |
| Machinery Hire Charges | 179.39 | 65.17 |
| Labour Charges | 287.77 | 160.33 |
| Advertisement & business promotion expenses | 29.28 | 10.12 |
| Commission on Sales | 94.63 | 98.45 |
| Freight Outward | 771.01 | 440.47 |
| Rates & Taxes | 69.13 | 37.79 |
| Travelling & Conveyance expenses | 71.97 | 31.62 |
| Office expenses | 43.16 | 14.38 |
| Environmental conservation expenses | 40.68 | 6.89 |
| Security Charges | 76.98 | 20.55 |
| Legal & Professional Charges | 185.14 | 77.07 |
| Sundry balances written off | 50.86 | - |
| General expenses | 47.52 | 139.57 |
| Insurance Charges | 25.54 | 14.76 |
| Repair & Maintenance on | | |
| - Plant & Equipments | 238.52 | 274.29 |
| - Vehicles | 25.43 | 15.04 |
| - IT infrastructure | 10.24 | 5.15 |
| - Others | 31.73 | 147.65 |
| CSR expenditures (Refer note - 37) | 155.98 | 27.25 |
| Payments to auditor | | |
| - Statutory Audit | 5.00 | 5.00 |
| - Tax Audit | 1.00 | 1.00 |
| - Other services | 2.00 | 15.03 |
| **Total** | **8,408.44** | **8,246.79** |

27.1

| Details of Stores and Spare Parts consumed included in Other Expenses | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|---|---|
| Opening Stock | 627.95 | 380.72 |
| Purchases | 4,018.44 | 4,776.84 |
| | 4,646.39 | 5,157.56 |
| Less: Closing Stock | 848.38 | 627.95 |
| **Material Consumed-Indigenous** | **3,798.01** | **4,529.61** |
| **Material Consumed-Imported** | - | - |

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| Earnings per share | As at 31.03.2023 | As at 31.03.2022 |
|---|---|---|
| Net Profit /(Loss) attributable to Equity Shareholders | 6,789.39 | 4,484.52 |
| Weighted average number of Equity Shares in issue (No's.) | 46,94,000 | 46,94,000 |
| Face Value per Share (in ₹) | 10 | 10 |
| Basic Earnings per Equity Share of ` 10/- each ( in ₹) | 144.64 | 95.53 |
| Diluted Earnings per Equity Share of ` 10/- each (in ₹) | 144.64 | 95.53 |

The conversion of Non-Cumulative Optionally Convertible Redeemable Preference Shares is contingent upon the exercise of option by the preference shareholders and also upon issue of such number of shares of the company as may be determined on the basis of valuation report of the registered valuer (to be arrived at the time of conversion). On account of the aforesaid contingencies involved, a fair estimate can not be made in regards to issue of potential number of equity shares, if any, hence Diluted EPS has been calculated without considering impact of such conversion.

29 In accordance with the provisions of the Accounting Standard on Impairment of Assets AS – 28, the management has made assessment of assets in use in respect of each cash-generating unit and considering the business prospects related thereto, no provision is considered necessary on account of impairment of assets.

30 **Segment Reporting**

The company is engaged in the business of manufacturing of iron & steel products which is considered to be the only reportable segment as per Accounting Standard AS- 17 "Segment Reporting" and as such there are no separate reportable segments. The entire operations are located in India accordingly there are no geographically segments.

31 Balances of some of the Trade receivables,Trade payables, Lenders, Loans and advances etc. incorporated in the books as per balances appearing in the relevant subsidiary records, are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management however is of the view that there will be no material discrepancies in this regard. Moreover the company is in the process of receiving confirmations from debtors and creditors. The confirmations so far received have been reconciled. In view of all confirmations not having been received, the balances are subject to reconciliation or adjustments , if any.

32 **Contingent liabilities as at 31.03.2023 :**

a) Bank Guarantees given by the bank on behalf of the company amounting to ₹889.25 Lakhs.

b) Unexpired letter of credit amounting to ₹1314.14 Lakhs.

33 In the opinion of the Board of Directors, the Current Assets, Loans & Advances are approximately of the value stated in accounts, if realised in ordinary course of business, unless otherwise stated. The provision for all known liabilities is adequate and not in excess/short of the amount considered reasonable/necessary.

34 The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made.

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## 35 Gratuity & post- Employment benefit

Effective from April 1, 2022 the Company adopted the AS-15 on employees benefits. Pursuant to the adoption, the transitional obligation i.e for the period upto March 31, 2022 amounted to ₹69.58 lakhs (net of deferred tax of ₹37.37 lakhs) with respect to gratuity. As provided by the standard, such obligation has been adjusted to the opening balance in Statement of Profit & Loss.

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than 'The Provisions of Gratuity Act, 1972. The above said scheme is unfunded.

The following table summarises the components of net benefits / expense recognised in the Statement of Profit and Loss and the balance sheet for the respective plans.

### i) Expense recognised in the statement of profit & loss for the year ended 31st March, 2023

| Particulars | As at 31.03.2023 |
|---|---|
| Current service cost | 37.12 |
| Interest cost | 7.59 |
| Net actuarial (gain) / loss recognised in the period | (5.41) |
| **Total expense** | **39.30** |

### ii) Liability recognised in the balance sheet as at 31st March, 2023

| Particulars | As at 31.03.2023 |
|---|---|
| Present value of benefit obligation | 146.26 |
| Fair value of plan asset | - |
| **Net liability** | **146.26** |

### iii) Change in obligation during the year ended

| Particulars | As at 31.03.2023 |
|---|---|
| Present value obligation as on 1-04-2022 | 106.95 |
| Interest Cost | 7.59 |
| Current service cost | 37.12 |
| Actuarial (gain) / loss on the obligation | (5.41) |
| **Present value obligation as at end** | **146.26** |

### iv) The principal assumptions used in determining gratuity

| Particulars | As at 31.03.2023 |
|---|---|
| Discount rate (per annum) | 7.30% |
| Salary growth rate (per annum) | 6% |

### v) Amount for the current year is as follows

| Particulars | As at 31.03.2023 |
|---|---|
| Defined benefit obligation | 146.26 |
| **Balance of defined benefit obligation as at the year end** | **146.26** |

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

**36 Related Party disclosures as required by Accounting Standard (AS-18) on "Related Party Disclosures" notified u/s Section 133 of Companies Act, 2013, are as below :**

(a) **Key Managerial Personnel**
Parmanand Agarwal
Ashish Agarwal
Bijay Kumar Agarwal

(b) **Relative of Key Management Personnel**
Parmanand Agarwal HUF
Richhi Agarwal
Priti Agarwal

(c) **Enterprises where Key Management Personnel have significant influence**
Nachiketa Gift-Ads Pvt Ltd
Florance Engineering Enterprises LLP
Divine Logistics
Zortea Logistics LLP

(d) **Details of all transactions with related parties during the year**

| Nature of Transactions | Key Management Personnel | Relatives of Key Management Personnel | Enterprise owned or significantly influenced by Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| | | | | |
| **Director's Remuneration** | | | | |
| Parmanand Agarwal | 120.00 | - | - | 120.00 |
| | (120.00) | (-) | (-) | (120.00) |
| Ashish Agarwal | 300.00 | - | - | 300.00 |
| | (300.00) | (-) | (-) | (300.00) |
| Bijay Kumar Agarwal | 7.71 | - | - | 7.71 |
| | (7.14) | (-) | (-) | (7.14) |
| **Loan given** | | | | |
| Nachiketa Gift-Ads Pvt Ltd | - | - | 185.99 | 185.99 |
| | (-) | (-) | (-) | (-) |
| **Loan taken** | | | | |
| Parmanand Agarwal | 169.00 | - | - | 169.00 |
| | (207.00) | (-) | (-) | (207.00) |
| Ashish Agarwal | - | - | - | - |
| | (67.50) | (-) | (-) | (67.50) |
| Nachiketa Gift-Ads Pvt Ltd | - | - | - | - |
| | (-) | (-) | (127.23) | (127.23) |
| **Loan repaid** | | | | |
| Parmanand Agarwal | 495.00 | - | - | 495.00 |
| | (563.00) | (-) | (-) | (563.00) |
| Parmanand Agarwal HUF | - | - | - | - |
| | (-) | (334.60) | (-) | (334.60) |
| Nachiketa Gift-Ads Pvt Ltd | - | - | 6.75 | 6.75 |
| | (-) | (-) | (426.13) | (426.13) |
| Florance Engineering Enterprises LLP | - | - | 2.85 | 2.85 |
| | (-) | (-) | (45.30) | (45.30) |
| **Interest Income** | | | | |
| Nachiketa Gift-Ads Pvt Ltd | - | - | 3.40 | 3.40 |
| | (-) | (-) | (7.50) | (7.50) |
| **Interest Expense** | | | | |
| Parmanand Agarwal | 128.32 | - | - | 128.32 |
| | (122.29) | (-) | (-) | (122.29) |
| Ashish Agarwal | 20.30 | - | - | 20.30 |
| | (14.58) | (-) | (-) | (14.58) |
| Parmanand Agarwal HUF | - | 6.44 | - | 6.44 |
| | (-) | (11.53) | (-) | (11.53) |
| Florance Engineering Enterprises LLP | - | - | 3.67 | 3.67 |
| | (-) | (-) | (4.22) | (4.22) |

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

(d) **Details of all transactions with related parties during the year**

| Nature of Transactions | Key Management Personnel | Relatives of Key Management Personnel | Enterprise owned or significantly influenced by Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| **Advances given** | | | | |
| Divine Logistics | - | - | 68.00 | 68.00 |
| | (-) | (-) | (53.00) | (53.00) |
| **Advances repaid** | | | | |
| Divine Logistics | - | - | 65.00 | 65.00 |
| | (-) | (-) | (78.00) | (78.00) |
| **Vehicle & Machinery Hire Charges** | | | | |
| Zortea Logistics LLP | - | - | 190.04 | 190.04 |
| | (-) | (-) | (-) | (-) |
| **CSR Expenditure** | | | | |
| BS Foundation | - | - | 64.60 | 64.60 |
| | (-) | (-) | (-) | (-) |
| **Salary** | | | | |
| Richhi Agarwal | - | 36.00 | - | 36.00 |
| | (-) | (36.00) | (-) | (36.00) |
| Priti Agarwal | - | 12.00 | - | 12.00 |
| | (-) | (12.00) | (-) | (12.00) |

(e) **Balances with Related Parties at the end of the year**

| Nature of Transactions | Key Management Personnel | Relatives of Key Management Personnel | Enterprise owned or significantly influenced by Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| **Balances Payable** | | | | |
| Parmanand Agarwal | 1,570.06 | - | - | 1,570.06 |
| | (1,779.46) | (-) | (-) | (1,779.46) |
| Ashish Agarwal | 402.90 | - | - | 402.90 |
| | (356.72) | (-) | (-) | (356.72) |
| Parmanand Agarwal HUF | - | 86.33 | - | 86.33 |
| | (-) | (80.53) | (-) | (80.53) |
| Richhi Agarwal | - | 18.35 | - | 18.35 |
| | (-) | (6.77) | (-) | (6.77) |
| Priti Agarwal | - | 6.04 | - | 6.04 |
| | (-) | (7.77) | (-) | (7.77) |
| Florance Engineering Enterprises LLP | - | - | 48.08 | 48.08 |
| | (-) | (-) | (47.63) | (47.63) |
| Nachiketa Gift-Ads Pvt Ltd | - | - | - | - |
| | (-) | (-) | (6.75) | (6.75) |
| **Balances Receivable** | | | | |
| Divine Logistics | - | - | - | - |
| | (-) | (-) | (40.00) | (40.00) |
| Nachiketa Gift-Ads Pvt Ltd | - | - | 189.39 | 189.39 |
| | (-) | (-) | (-) | (-) |
| Zortea Logistics LLP | - | - | 3.29 | 3.29 |
| | (-) | (-) | (-) | (-) |

**Note:**
The above transactions do not include reimbursement of expenses made / received during the year.
Previous year figures are in the brackets.

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### 37 Corporate Social Responsibility (CSR) Activities

During the year, the Company was required to spend ₹ 90.61 Lakhs (Previous Year ₹ 80.20 Lakhs) on CSR activities, the various heads under which CSR expenditure was incurred in cash (through cheque/ bank transfers) as per the details below:

| Description of CSR Activities | Relevant clause of Schedule VII to the Companies Act, 2013 |
|---|---|
| i) Ensuring Environmental sustainability & maintaining quality of soil, air & water. | Clause (iv) |
| ii) Promoting education, including special education and employment enhancing vocational training and livelihood enhancement | Clause (ii) |

Details of corporate social responsibility expenditure are set out below:

| Particulars | For the year ended 31st March 2023 | For the year ended 31st March 2022 |
|---|---|---|
| Opening Balance Deficit/(Excess) * | - | 0.61 |
| Amount required to be spent as per section 135 of the Act | 90.61 | 80.20 |
| **Total** | **90.61** | **80.81** |
| **Amount spend during the year:** | | |
| Paid in cash | 102.83 | 27.25 |
| Yet to be paid in cash # | - | 53.56 |
| **Total** | **102.83** | **80.81** |
| Deficit/(Excess) balance as at the Year End | (12.22) | - |
| - To be carried forward for next year Excess/(Deficit) | (12.22) | - |

# Includes ₹ Nil (P.Y. ₹53.56 lakhs) accruals towards unspent obligations for ongoing projects which has been, subsequent to year end, transferred to separate unspent CSR account within the timeline in compliance with section 135(6) of the Companies Act 2013, except for ₹0.61 Lakhs, which has been deposited on 02.05.2022.

* The company has spent ₹53.15 lakhs during the financial year 2022-23, against the unspent amount of CSR as on 31.03.2022.

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

## 38 Accounting Ratios

| Ratio | Numerator | Denominator | FY 2022-23 | FY 2021-22 | % Variance | Reason for variance more than 25% |
|---|---|---|---|---|---|---|
| Current Ratio (in times) | Current Assets | Current Liabilities | 1.40 | 1.58 | -11.36% | - |
| Debt-Equity Ratio (in times) | Total Debt | Shareholders Fund | 1.48 | 1.17 | 26.75% | Due to increase in borrowings. |
| Debt Service Coverage Ratio(in times) | Net Profit before Taxes + Depreciation +Interest | Total Debt | 3.48 | 2.71 | 28.49% | Due to increase in profitability. |
| Return on Equity ratio (in %) | Net Profit After Tax | Average Shareholders Fund | 31.79% | 28.46% | 11.69% | - |
| Inventory Turnover ratio (in times) | Sale | Average Inventory | 7.38 | 8.72 | -15.41% | - |
| Trade Receivables turnover ratio (in times) | Sale | Average receivable | 57.53 | 99.26 | -42.04% | Due to increase in trade receivables. |
| Trade Payable turnover ratio (in times) | Purchase | Average Trade Payables | 39.35 | 64.28 | -38.78% | Due to increase in trade payables. |
| Net Capital Turnover Ratio (in times) | Net Sale | Average Working Capital | 10.60 | 7.96 | 33.16% | Due to increase in revenue from operations. |
| Net Profit Ratio (%) | Net profit after Tax | Revenue from operations | 8.36% | 6.57% | 27.26% | Due to increase in profitability. |
| Return on Capital Employed (%) | Net Profit before Interest & Tax | Total equity +borrowings | 21.70% | 17.91% | 21.11% | - |
| Return on Investment (%) | Net Income from Investments | Average Investments | - | - | - | - |

## 39 Reconciliation of quaterly bank returns

| Month | Particulars | Name of the lead bank | Amount as per books | Amount as reported in the quaterly statements/returns | Difference # |
|---|---|---|---|---|---|
| Quarter-1 (April'22 - June'22) | Inventories (incl. advance given to supplier of raw material) | Indian Bank | 17,438.52 | 16,018.43 | 1,420.09 |
| | Trade Payables for raw materials* | | 290.69 | 290.42 | 0.27 |
| | Trade Receivables | | 784.23 | 875.48 | (91.25) |
| | Advance from customers | | 140.51 | 228.61 | (88.10) |
| Quarter-2 (July'22 - September'22) | Inventories (incl. advance given to supplier of raw material) | | 21,186.07 | 19,708.73 | 1,477.34 |
| | Trade Payables for raw materials* | | 119.75 | 247.55 | (127.80) |
| | Trade Receivables | | 839.31 | 842.15 | (2.84) |
| | Advance from customers | | 156.87 | 156.80 | 0.07 |
| Quarter-3 (October'22 - December'22) | Inventories (incl. advance given to supplier of raw material) | | 22,994.39 | 20,799.14 | 2,195.25 |
| | Trade Payables for raw materials* | | 57.63 | 57.42 | 0.21 |
| | Trade Receivables | | 841.31 | 820.76 | 20.55 |
| | Advance from customers | | 413.68 | 411.14 | 2.54 |
| Quarter-4 (January'23 - March'23) | Inventories (incl. advance given to supplier of raw material) | | 20,138.91 | 20,518.52 | (379.61) |
| | Trade Payables for raw materials* | | 129.93 | 192.83 | (62.90) |
| | Trade Receivables | | 2,024.96 | 2,034.54 | (9.58) |
| | Advance from customers | | 269.86 | 294.46 | (24.60) |

* Trade Payables does not include balances of parties to whom letter of credit has been issued.

# The bank returns were prepared and filed before the completion of all financial statement closure activities including adjustments / reclassifications related to Accounting Standards, as applicable, which led to these differences between final books of accounts and the bank return which were based on provisional books of accounts.

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**(All amounts are in Rupees Lakhs, unless otherwise stated)**

**40 Other Statutory information**

(a) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company or disclosed in the financial statements are held in the name of the Company

(b) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(c) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(d) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or othewise) that the Company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaies) or
(ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(e) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(g) The Company is not declared wilful defaulter by and bank financials institution or lender during the year.

(h) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(i) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(j) The Company has not entered into any transactions with the companies struck off under the Companies Act, 2013 or the Companies Act, 1956.

(k) (i) The Company does have capital work in progress during the current year and previous year. The details are given below :

**Capital work-in-progress (CWIP) ageing schedule/completion schedule**

**A. For Capital work-in-progress, the ageing schedule is given below as at at 31.03.2023**

| Particulars | Amount in CWIP for a period | | | | Total |
|---|---|---|---|---|---|
| | Less than one year | 1- 2 years | 2 - 3 years | More than 3 years | |
| Project in Progress: | 8,401.89 | - | - | - | 8,401.89 |

**B. For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, the completion schedule is given below as at 31.03.2023 :**

| Particulars | Amount in CWIP for a period | | | | Total |
|---|---|---|---|---|---|
| | Less than one year | 1- 2 years | 2 - 3 years | More than 3 years | |
| Project in progess: | | | | | |
| Project Temporarily Suspended: | - | - | - | - | - |

**A. For Capital work-in-progress, the ageing schedule is given below As at 31.03.2022 :**

| Particulars | Amount in CWIP for a period | | | | Total |
|---|---|---|---|---|---|
| | Less than one year | 1- 2 years | 2 - 3 years | More than 3 years | |
| Project in progess: | 5605.79 | - | - | - | 5,605.79 |

**B. For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, the completion schedule is given below As at 31.03.2022 :**

| Particulars | Amount in CWIP for a period | | | | Total |
|---|---|---|---|---|---|
| | Less than one year | 1- 2 years | 2 - 3 years | More than 3 years | |
| Project in progess: | | | | | |
| Project Temporarily Suspended: | - | - | - | - | - |

(ii) The Company does not have intangible assets and intangible asset under development during the current year and previous year.

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(m) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company.

(n) The Company has not revalued its property, plant and equipment during the current year and previous year.

**41** Previous year's figures have been regrouped/reclassified wherever necessary classification/disciosure

**42** The financial statements of preceeding financial year were audited by a firm other than M/s. ARSK & Associates.

**43** Figures have been rounded off to the nearest lakhs and decimals thereof.

**For ARSK & Associates**
Chartered Accountants
Firm Registration No. 315082E

**CA. S.K. Kabra**
Partner
Membership No. 052205

Place: Kolkata
Date : 29-09-2023

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**For and on behalf of the Board of Directors**

For, B. S. Sponge Pvt.Ltd. For, B. S. Sponge Pvt.Ltd.

Director | Director

**Parmanand Agarwal**
Director
DIN: 00585415

**Ashish Agarwal**
Director
DIN: 01218609

B.S. SPONGE PVT. LTD.

(All amounts are in Rupees lakhs, unless otherwise stated)

11 **Property,Plant and Equipments**

For the Financial Year 22-23

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1st, 2022 | Additions during the Year | Disposal | As at March 31st, 2023 | As at April 1st, 2022 | For the year | Adjustment | As at March 31st, 2023 | As at March 31st, 2023 | As at March 31st, 2022 |
| Land | 87.29 | 51.16 | - | 138.45 | - | - | | - | 138.45 | 87.29 |
| Factory Building | 260.43 | 63.96 | - | 324.38 | 52.97 | 19.85 | | 72.81 | 251.57 | 207.46 |
| Plant & Machinery | 20,530.95 | 22,179.22 | - | 42,710.18 | 4,447.37 | 3,053.96 | | 7,501.33 | 35,208.85 | 16,083.59 |
| Furniture & Equipments | 52.23 | 1.27 | - | 53.50 | 17.73 | 1.32 | | 19.06 | 34.44 | 34.49 |
| Computers | 47.52 | 14.66 | - | 62.18 | 31.76 | 14.73 | | 46.49 | 15.69 | 15.76 |
| Total | 20,978.42 | 22,310.28 | - | 43,288.69 | 4,549.83 | 3,089.86 | - | 7,639.69 | 35,649.00 | 16,428.59 |

For the Financial Year 21-22

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1st, 2021 | Additions during the Year | Disposal | As at March 31st, 2022 | As at April 1st, 2021 | For the year | Adjustment | As at March 31st, 2022 | As at March 31st, 2022 | As at March 31st, 2021 |
| Land | 62.50 | 24.79 | - | 87.29 | - | - | - | - | 87.29 | 62.50 |
| Factory Building | 240.14 | 20.29 | - | 260.43 | 47.15 | 5.81 | - | 52.97 | 207.46 | 192.99 |
| Plant & Machinery | 16,839.88 | 3,691.07 | - | 20,530.95 | 2,572.02 | 1,875.34 | - | 4,447.37 | 16,083.58 | 14,267.86 |
| Furniture & Equipments | 50.11 | 2.11 | - | 52.23 | 14.48 | 3.25 | - | 17.73 | 34.49 | 35.63 |
| Computers | 46.00 | 1.52 | - | 47.52 | 23.56 | 8.20 | - | 31.76 | 15.76 | 22.44 |
| Total | 17,238.63 | 3,739.78 | - | 20,978.42 | 2,657.22 | 1,892.61 | - | 4,549.83 | 16,428.59 | 14,581.41 |

ARSK & ASSOCIATES * Kolkata * Chartered Accountants

# DIRECTORS' REPORT TO THE SHAREHOLDERS

To.
The Members
**B.S. Sponge Private Limited**

Your directors have great pleasure in presenting their Annual Report along with the Audited Statement of Accounts of the company for the financial year ended 31st March, 2023.

## 1) FINANCIAL PERFORMANCE OF THE COMPANY

The Board's Report has been prepared based on the financial statements of the company.

The financial results for the Current & Previous financial year are as below-

**Financial Results:**

**(Rs. In Lakhs)**

| PARTICULARS | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Revenue from operations | 81,246.22 | 68,295.55 |
| Other Income | 1,04.28 | 81.88 |
| **Total Revenue** | **81,350.50** | **68,377.43** |
| **Total Expenses** | **70,204.41** | **62,479.87** |
| Operating profit before taxation | 1,11,46.09 | 5,897.57 |
| TAX | 4,356.7 | 1,413.05 |
| **Net profit after taxation** | **6,789.39** | **4,484.52** |
| Earnings per equity share (EPS) | 144.64 | 95.53 |

## 2) NATURE OF BUSINESS

The company "B.S. Sponge Private Limited" is a manufacturing company of the SPONGE IRON. Billets. TMT Bars & HR Coils.

## 3) DIVIDEND

The Board of Directors of the Company have not recommended any dividend during the year under review in order to strengthen the financial position of the company.

## 4) RESERVES

**Rs. 6719.81 Lakhs** Amount has been transferred to reserve during the year under review.

## 5) STATE OF COMPANY'S AFFAIRS

The Company has earned total income of Rs. 81.350.50 Lakhs/- lakhs in the current financial year 2022-23 whereas in the previous financial year 2021-22 the company earned total income of Rs. 68.377.43/- Lakhs i.e. the total income has increased by Rs. 12.973.07/- Lakhs. The gross expenses incurred by the Company during the current financial year 2022-23 have also gone up to Rs. 70.204.41/- Lakhs as compared to gross expenses incurred during the previous financial year 2021-22 which amounted to Rs. 62,479.87/- Lakhs. The Company has earned a net profit of Rs. 6,789.39/- Lakhs during the current financial year 2022-23 whereas in previous financial year 2021-22 the company incurred a net profit of Rs. 4,484.52/- Lakhs. Due to profits earned, earning per share has changed from 95.53 to 144.64.

**6) CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business of the company during the financial Year 2022-23.

**7) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

No material change has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**8) DETAILS OF SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by any Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

**9) DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

As on 31st March, 2023, there is no subsidiary, associate or joint venture of the Company.

**10) COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

Being a private Company, the provisions of Section 178 relating to constitution of Nomination and Remuneration Committee and policy thereof are not applicable to the Company.

**11) DEPOSITS**

During the financial year under review, your Company has not accepted any deposits under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014.

**12) STATUTORY AUDITORS:**

Pursuant to provisions of Section 139 and other applicable provisions and relevant rules of the Companies Act, 2013 M/s. **ARSK & ASSOCIATES**., Chartered Accountant 52/1 Shakespeare Sarani 16th Floor Kolkata-700017, **(Firm Registration Number: 315082E)** has been appointed as a Statutory Auditor of the Company for a period of five consecutive years until the conclusion of the Annual General Meeting of the Company to be held in Financial Year 2027 on such remuneration as decided between the Board of Directors of the Company in consultation with them.

**13) COST AUDITOR:**

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice.

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s. **Arunava Datta Chaudhury & Co.**, Cost Accountants **(Firm Regn. No. 101712)** were appointed as the Cost Auditor of the Company for the year ending 31st March, 2023.

**Disclosure on maintenance of Cost Records**

The Company made and maintained the Cost Records under Section 148 of the Companies Act, 2013 (18 of 2013) for the Financial Year 2022-23.

## 14) BOARD'S COMMENT ON AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' Report to the financial statements, which are self-explanatory and since there are no observations, qualifications, or adverse remarks or disclaimer made by the Auditors in their report, it does not call for any further explanations and comments.

## 15) EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return is not applicable as per the amended rules.

## 16) CHANGE IN MEMORANDUM OF ASSOCIATION & CAPITAL STRUCTURE

During the year under review, there are no changes in the Memorandum of Association.

## 17) CHANGE IN ARTICLES OF ASSOCIATION

During the year under review, there has been no change in the articles of association of the Company.

## 18) TRANSFER OF SHARES

During the year under review, there is no transfer of shares.

## 19) INVESTMENT DURING THE YEAR IN THE COMPANY (INCLUDING FOREIGN DIRECT INVESTMENT)

During the year under review, the Company have not received any investment including foreign direct investment.

## 20) ALLOTMENT OF SECURITIES

During the year under review, the Company has not allotted any shares.

## 21) BUSINESS RISK MANAGEMENT

The Company also recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company has established a framework to actively manage all the material risks faced by the Company. The Company has an integrated risk management policy identifying the possible risks & mitigates factors thereto covering aspects such as operational risk, regulatory risk, IT risk and geographical risk. The purpose of the policy is to establish a high-level principle for the Company's management of the key risk i.e. risk identification, risk assessment and risk mitigation.

The Company follows four generic risk control principles which are as below:

a. Avoid: Decide not to proceed with the activity or chose other way to achieve the same outcome.

b. Transfer: Shift or hedge all or part of the responsibility of the risk to another party who is more suitable to control it.

c. Reduce: Actions to be taken to reduce the impact of the risk.

d. Accept: Accept the risk which cannot be avoided or transferred.

## 22) DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF COMPANIES ACT 2013

There was no occurrence of fraud pursuant to Section 143(12) of the Companies Act 2013. This is also being supported by the report of the auditors of the Company as no fraud has been reported in their report for the Financial Year ended on 31st March 2023.

## 23) INTERNAL CONTROL

The Company believes that strong internal control systems that are commensurate with the scale, scope and complexity of its operations are correlated to the principle of governance and freedom of management and therefore the Company remains committed to ensuring a mature and effective internal control environment that, inter-alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and Management Information Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions. The Company's Internal Control System is adequate and commensurate with the nature and size of the Company.

## 24) COMPLIANCE

The Company has complied with all applicable provisions of the Companies Act, 2013 and all other applicable Laws/rules/regulations/guidelines issued from time to time.

There was no foreign exchange inflow or Outflow during the year under review.

## 25) DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review, there was no change in Directors and key managerial personnel.

## 26) DECLARATION GIVEN BY INDEPENDENT DIRECTOR

The provision of Section 149 of the companies Act, 2013 pertaining to the appointment of Independent Directors do not apply to the Company.

## 27). NUMBER OF BOARD MEETINGS HELD DURING THE YEAR

The Board of Directors duly met 19 (nineteen) times during the financial year and in respect of which proper notices were given and the proceedings were properly recorded. The intervening gap between the above-mentioned meetings was within the time period prescribed under the Companies Act, 2013.

## 28) NUMBER OF GENERAL MEETINGS HELD DURING THE YEAR

During the year under review, following general meeting were held:

| S. No. | Type of Meeting | Date | Total shareholders entitled to meeting | Total shareholders attended |
|---|---|---|---|---|
| 1. | AGM | 30/09/2022 | 7 | 7 |
| 2. | EGM | 02/12/2022 | 7 | 7 |

## 29) PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

During the period, the Company has not entered into material contract(s) or arrangement(s) with related parties as defined under Section 188 of the Companies Act, 2013. Hence, the provisions of disclosure of Related Party Transactions in Form AOC-2 as required under Section 134(3) (h) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

## 30) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, there was no loan, guarantee or investment made by the company covered under section 186 of the Companies Act, 2013 except for loans given in the ordinary course of business.

## 31) STATEMENT ON COMPLIANCE OF APPLICABLE SECRETERIAL STANDARDS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India as applicable on meetings of the Board of Directors and General meetings.

## 32) DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:

Risk is a common phenomenon in each and every business, likewise the business of your Company is not beyond the periphery of risk which includes country /political risk, Credit risk- relating to credit and financing, Legal risk, Risk of Fraud etc.

The Company has formulated an elaborate Risk Management policy which is duly implemented and reviewed from time to time in order to align it with the evolving market conditions.

## 33) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Manufacturing process of the company is not power –intensive in nature. However, measures have been taken for conservation of energy to the maximum extent possible.

2. Company believes in prudent use of the scarce precious resources and is supportive of the energy saving mechanism.

3. Company in course of manufacturing process tried its best to adopt high –grade technology which in the long- run enabled to achieve both quantitative and qualitative aspects of its products and at the same time reduce the cost of production.

The Board of Directors hereby confirm with reference to Section 134 (3) (c) of the Companies Act,2013 that:

i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.

ii) They have 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 loss of the Company for that period.

iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.

iv) In preparation of the annual accounts on going concern basis.

v) The proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**34) CORPORATE SOCIAL RESPONSIBILITY**

Based on the profitability criteria for the year, Corporate Social responsibility requirements under section 135 of the Companies Act, 2013 are applicable to the Company for the year under review.

Corporate Social Responsibility forms an integral part of your company's business activities. Your company is a responsible corporate citizen, supporting activities which benefit the society as a whole.

Annual report on Corporate Social Responsibilities (CSR) activities has been included as Annexure II to this Board Report.

**35) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has always believed in providing a safe and harassment free workplace for every woman working in its premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, measures are laid down by the Company.

During the year, there was no complaint lodged with the Company.

**36) VIGIL MECHANISM & WHISTLE BLOWER**

The company has always adhered to highest standards of ethical, moral and legal conduct of its business operations.

To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of any nature whatsoever, or fear of any unfair treatment.

37) **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors to the best of their knowledge and ability confirm that:

i.) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

ii.) The Directors have selected such accounting policies, judgments and estimates that are reasonable and prudent and applied them consistently, so as to give a true and fair view of the state of affairs of the company as on 31st March, 2023, and of the statement of Profit and Loss and cash flow of the company for the period ended 31st March, 2023;

iii.) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv.) The annual accounts have been prepared on an ongoing concern basis;

v.) Proper internal financial controls to be followed by the company has been laid down and that such internal financial controls are adequate and were operating effectively and

vi.) Proper systems to ensure compliance with the provisions of all applicable laws has been devised and that such systems were adequate and operating effectively.

38) **ACKNOWLEDGEMENT**

Directors acknowledge the support and co-operation received from business partners and investors. The Directors are proud and thankful to the employee, each of whom has contributed in the growth of the company. We thank all our stakeholders for the confidence reposed on us and for the support they have given in building the success of the Company.

**For & on behalf of Board of Directors**
**B.S. Sponge Private Limited**

For B. S. Sponge Pvt.Ltd.
Director

**PARMANAD AGARWAL**
**Director**
**DIN: 00585415**

For B. S. Sponge Pvt.Ltd.
Director

**ASHISH AGARWAL**
**Director**
**DIN: 0128609**

**Place- Kolkata**
**Date- 29/09/2023**