

DIRECTORS' REPORT

**To,
The Members,
Bonlon Industries Limited**

Your Directors have the pleasure of presenting the Twenty Third Annual Report of the Company on the business and operations of the Company, together with Audited Statement of Accounts for the year ended March 31, 2020.

FINANCIAL RESULTS

The Company's performance during the financial year ended March 31, 2020 as compared to the previous financial year is summarized as below:

(Amount in Rs.)

<u>PARTICULARS</u>	<u>2019-20</u>	<u>2018-19</u>
<u>Revenue</u>		
Revenue from operations	2,43,02,99,391	2,14,83,66,946
Other Income	17,62,76,114	12,10,91,507
Total Income	2,60,65,75,505	2,26,94,58,454
<u>Expenditure</u>		
Cost of Raw Material Consumed	9,07,43,430	33,01,21,153
Purchase of Stock in Trade	2,35,79,65,946	1,68,47,24,438
Change in Inventories	(3,04,77,912)	12,73,90,330
Employee Benefit Expenses	64,78,954	75,71,520
Finance Cost	16,92,913	68,75,166
Depreciation	90,24,755	35,91,222
Other Expenses	5,38,91,439	7,51,72,934
Total Expenses	2,48,33,19,525	2,23,54,46,763
Profit Before Tax	12,32,55,980	3,40,11,691
Less: Tax	31,87,344	69,96,556
Net Profit	12,00,68,669	2,70,15,135

NATURE OF BUSINESS

The Company has been principally engaged in the business of both manufacturing as well as trading of various kinds of ferrous and non-ferrous metals. The main metals used in our business operations are copper, aluminum, zinc & tin and the products in which we deal are rods

Recently in 2018, in order to synergize the operations and attaining higher business efficiencies, three of our group companies were amalgamated with our companies which were engaged in different industries i.e. Metal, Hotel and Civil Construction industry. As a result of such amalgamation, our Company is continuing its operations in the said business segments under one name one roof.

The business of our Company is broadly categorized into the following three segments:

1. **Metal:** Our Company had been carrying on such business since their inception and therefore it is the primary segment of our business. Our Company caters its clients through products such as wire rods, wires, cathode and ingots made up from metals like copper, aluminum, lead and zinc. Our business operations in this segment include both manufacturing and trading activities. Manufacturing is mainly done for the copper wire rods and wires and the rests of the products we deal in are traded by us.

The Company trades the metal products not only in India but do the import and export also and trades on MCX as well.

2. **Hotel:** Hotel business is the second section in which our company carries on its business operations. As of now, we have only one hotel in the name and style of Hotel Bonlon Inn situated at 7A/39, WEA Channa Market, Karol Bagh, New Delhi- 110005, having 24 keys.
3. **Civil Construction:** So far no project has been operative in such line of business.

There was no major change in the nature of the business of the Company during the year under review.

FINANCIAL PERFORMANCE REVIEW

The Company's total revenue stood at Rs. 2,60,65,75,505/- as at 31st March, 2020 as compared to Rs. 2,26,94,58,454/- as at 31st March, 2019.

Your directors hoping the good business performance in the coming years.

FUTURE PROSPECTUS

Despite stiff competition from other countries, international buyers show preference to your company's product for its quality and timely delivery and hence your Directors are confident of achieving better working results in the coming years.

RESERVES & SURPLUS

The Company's Reserve & Surplus in the year 2020 is Rs. 49,95,85,149/- as compared to the previous year it was Rs. 37,95,16,480/-.

No Profit transferred to any specific reserve created but transferred to general reserves.

DIVIDEND

The Board of Directors has not recommended any dividend on the Share Capital of the Company for the period ended 31st March 2020 considering the current cash flow position of the Company and future funds requirement for growth of business.

DEPOSITS

During the year under review, your Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

LISTING ON STOCK EXCHANGES

Your Company is listed in BSE Limited (SME Platform).

The Company was listed on BSE Limited (SME Platform) vide BSE Notice no. 20200710-38 dated 10th July 2020, effective from 13th July 2020.

CASH FLOW STATEMENT:

In conformity with the provisions of Regulation 34(2)(C) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and requirements of Companies Act the Cash flow Statement for the year ended 31.03.2020 is forming a part of Annual Report.

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 changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this report **except the listing of Equity Shares of the Company on BSE Limited.**

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All transactions of the Company with Related Parties are in the ordinary course of business and at arm's length. Information about the transactions with Related Parties is given in the Corporate Governance Report which forms a part of this Annual Report.

The Board of Directors of the Company has seek the approval of Shareholders in ensuing Annual General Meeting for material related party transactions with M/s B.C. Power Controls Limited and M/s AKJ Metals Private Limited during the Financial Year 2020-21.

Form AOC – 2 pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is given as **Annexure- I** to this Directors' Report.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS UNDER SECTION 186

Particulars of loans, guarantees and investments as on 31st March, 2020 are given in the Notes to the financial statement.

DISCLOSURE RELATING TO EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

DISCLOSURE RELATING TO SWEAT EQUITY SHARE

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME

The Company has not issued any employee stock option scheme and employee stock purchase scheme and hence no information as per provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and SEBI (Employee Share Based Employee Benefits) Regulations, 2014, has been furnished.

DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES

There are no shares held by trustees for the benefit of employees therefore, no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

As on 31st March 2020, your Board comprises of 05 Directors which includes 01 Managing Director, 01 Whole Time Director, 01 Non- Executive Directors and 02 Independent Directors.

In terms of the provisions Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Raj Jain, Director of the Company is liable to retire by rotation at the ensuing 23rd Annual General Meeting and being eligible offered him-self for reappointment.

Mr. Arun Kumar Jain, Whole Time Director is also proposed for re-appointment as Whole Time Directors, in ensuing Annual General Meeting, for five years starting from 30.12.2020 to 29.12.2025.

Declarations By Independent Directors

Pursuant to the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received individual declarations from all the Independent Directors confirming that they fulfill the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

In compliance with the requirements of Section 203 of the Companies Act, 2013 following are the Key Managerial Personnel of the Company:

- Mr. Raj Jain - Chairman and Managing Director
- Mr. Ankit Gupta - Chief Financial Officer
- Mr. Naveen Kumar - Company Secretary & Compliance Officer

POLICY ON DIRECTORS` APPOINTMENT AND POLICY ON REMUNERATION

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, KMP and other employees is forming a part of Corporate Governance Report.

It is thereby, affirmed that remuneration paid to the Directors, Key Management Personnel and other employees is as per the Remuneration Policy of the Company.

NUMBER OF MEETINGS OF BOARD AND COMMITTEE OF BOARD OF DIRECTORS

MEETINGS OF BOARD OF DIRECTORS

The Board of Directors met 10 times during the financial year ended March 31, 2020 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. Directors of the Company actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

Additionally, during the financial year ended March 16, 2020 the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013.

COMMITTEES MEETINGS

The Audit Committee met 04 times during the financial year ended March 31, 2020. The nomination and remuneration committee met 02 times during the financial year ended March 31, 2020. The Shareholders Grievances Committee met 04 times during the financial ended March 31, 2020. Members of the Committees discussed the matter placed and contributed valuable inputs on the matters brought before.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2020, the Board of Directors hereby confirms that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies have been selected and applied consistently and the Directors 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 as on March 31, 2020 and of the profits of the Company for the year ended on that date;
3. The Directors had taken proper and sufficient care was 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;
4. The Directors has prepared annual accounts of the Company have been prepared on a going concern basis;
5. The Directors had laid down internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. The Directors had devised proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

An Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the section on Corporate Governance, under the head, 'Audit Committee' for matters relating to constitution, meetings and functions of the Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and Remuneration Committee and formulated the criteria for determining the qualification, positive attributes and independence of a Director (the Criteria). The Nomination and Remuneration Committee has recommended to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees, as required under Section 178 (1) of the Companies Act, 2013.

Kindly refer section on Corporate Governance, under the head, 'Nomination and Remuneration Committee' for matters relating to constitution, meetings, functions of the Committee and the remuneration policy formulated by this Committee.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and

Committee meetings, processes followed at the meeting, Board`s focus, regulatory compliances and Corporate Governance, etc.

Similarly, for evaluation of Individual Director`s performance, the questionnaire covers various aspects like his/ her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc. Board members had submitted their response on a scale of 5 (excellent) – 1 (poor) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board. The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director`s performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

OTHER BOARD COMMITTEES

For details of other board committees viz. Shareholders/ Investors Grievance Committee, kindly refer to the section on Corporate Governance.

VIGIL MECHANISM FOR THE DIRECTORS AND EMPLOYEES

The Company has established a vigil mechanism, through a Whistle Blower Policy, where Directors and employees can voice their genuine concerns or grievances about any unethical or unacceptable business practice. A whistle-blowing mechanism not only helps the Company in detection of fraud, but is also used as a corporate governance tool leading to prevention and deterrence of misconduct.

It provides direct access to the employees of the Company to approach the Compliance Officer or the Chairman of the Audit Committee, where necessary. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment or victimization.

The Whistle Blower Policy is disclosed on the website of the Company at www.bonlonindustries.com.

RISK MANAGEMENT POLICY

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enhancing shareholders` value and providing an optimum risk reward thereof. The risk management approach is based on a clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls related to financial statement. During the year, such controls were tested and no reportable material weaknesses were observed for inefficiency or inadequacy of such controls. Some of the controls are outlined below:

- The Company has adopted accounting policies, which are in line with the Accounting Standards and other applicable provisions of the Companies Act, 2013;
- Changes in polices, if any, are approved by the Audit Committee in consultation with the Auditors;
- In preparing the financial statement, judgment and estimates have been made based on sound policies. The basis of such judgments and estimates are approved by the Auditors and the Audit Committee;

PARTICULARS OF EMPLOYEES AND REMUNERATION

Your Directors appreciate the significant contribution made by the employees to the operations of your Company during the period.

The information required on particulars of employees as per Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in a separate **Annexure- II** to this Directors' Report.

As per the provisions contained in the proviso to Section 136(1) of the Companies Act, 2013, the some of the aforesaid particulars are not being sent as a part of this Annual Report. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

The Company has not received any complaint of harassment till date.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 Link of the website where Annual Return is placed is <http://bcpowercontrols.com/investors-corner/>.

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

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

Foreign Exchange Inflow: NIL

Foreign Exchange Outflow: NIL

CORPORATE GOVERNANCE

A report on Corporate Governance and the certificate from the Secretarial Auditor regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and form a part of the Annual Report.

MANAGEMENT AND DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report has been separately furnished in the Annual Report and forms a part of the Annual Report.

AUDITORS

STATUTORY AUDITORS

M/s. Gaur & Associates, Chartered Accountants, the Statutory Auditors of the Company, were appointed as Statutory Auditor of Company in 22nd Annual General Meeting held on 30.09.2019 for a period of 5 year upto the conclusion of the 27th Annual General Meeting of the Company to be held in year 2024..

The Audit Report given by M/s Gaur & Associates for the Financial Year 2019-20, forming part of this Annual Report.

The Reports of Statutory Auditor do not contain any qualification, reservation or adverse remarks. During the year the Statutory Auditors have not reported any matter under Section 143 (12), therefore no detail is required to be disclosed under the applicable provisions of the Act.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to thank the customers, suppliers, bankers, business partners/associates, financial institutions and various regulatory authorities for their consistent support/encouragement to the Company.

Your Directors would also like to thank the Members for reposing their confidence and faith in the Company and its Management.

By Order of the Board of Directors
For, **Bonlon Industries Limited**

Date: December 02, 2020

Place: New Delhi

(Raj Jain)
Chairman & Managing Director
DIN: 01018724