



34th
Annual Report
2015-16

Neelachal Ispat Nigam Ltd.

34th
ANNUAL REPORT
2015-2016



NEELACHAL ISPAT NIGAM LIMITED

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BOARD OF DIRECTORS

(as on 31.08.2016)

Shri Ved Prakash, Chairman
Shri D. P. Bagchi
Ms. Meena Gupta
Shri S. D. Kapoor
Shri R. K. Sharma, IAS
Shri Sanjeev Chopra, IAS
Shri R. Vineel Krishna, IAS
Shri M. G. Gupta
Shri Anand Trivedi
Shri P. K. Jain
Dr. T. R. K. Rao
Shri Ravindra Ranjan, Jt. Managing Director
Shri Pravakar Mohanty, Director (Finance)

COMPANY SECRETARY

Shri D. P. Parija

BANKERS

State Bank of India
Allahabad Bank
Indian Overseas Bank
Oriental Bank of Commerce
Bank of Baroda
State Bank of Mysore
State Bank of Travancore
Indian Bank
Union Bank of India

REGISTERED OFFICE

1st Floor, Annexe Bldg,
IPICOL House, Janpath,
Bhubaneswar – 751 022, Odisha
Tel: (0674) 2543741, 2543231
Fax: (0674) 2541763
Web site : www.ninl.in

WORKS

Neelachal House
Kalinganagar Industrial Complex
Duburi, Jajpur, Odisha
Tel : (06726) 264002, 264003, 264008
Fax: (06726) 264009, 264018, 264049

AUDITORS

M/s Singh Ray Mishra & Co.
Chartered Accountants,
HO. SR – 31, Ashoka Market,
Station Square
Bhubaneswar – 751 009.

COST AUDITORS

M/s. Niran & Co.,
Cost Accountants,
ESEN Den, 475, Aiginia,
Asiana Plaza Entry,
Khandagiri,
Bhubaneswar – 751 019.

SECRETARIAL AUDITORS

M/s. Saroj Ray & Associates
Company Secretaries
N – 6 /215, Ground Floor,
IRC Village,
Bhubaneswar – 751015.

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present their 34th Annual Report of the Company for the financial year ended 31st March, 2016 together with the audited statement of Accounts, the Statutory Auditors' Report, Secretarial Audit Report and Comments on the Accounts by the Comptroller & Auditor General of India.

Financial Results

The financial performance of your company for the year ended 31st March, 2016 is summarised below :

(₹ in Crore)

Particulars		Year ended 31 st March' 2016	Year ended 31 st March' 2015
a)	Gross Sales / Income	1190.25	1315.64
b)	Net Sales / Income	1090.48	1247.82
c)	Total Expenditure	1085.45	1207.68
d)	Operating Profit (PBIDT)	5.03	40.14
e)	Less : Interest	234.58	172.83
f)	Cash Profit / (Loss)	(229.55)	(132.69)
g)	Less : Depreciation	104.96	100.89
h)	Less :Exceptional Items	-	-
h)	Profit / (Loss) Before Tax	(334.51)	(233.58)
i)	Provision for Tax		
	- Current Tax	-	-
	- Deferred	-	0.91
j)	Add : MAT Credit Entitlement	-	-
k)	Net Profit / (Loss) After Tax	(334.51)	(232.67)

Business Performance

Your company achieved a turnover of

₹1190.25 Cr. during 2015-16, lower by 9.53 % compared to the previous year, which is on account of low selling price of finished goods and low sales volume of BF Grade Coke. Prices of Pig Iron started falling gradually and ended up with 21.61 % decrease from the level of the previous fiscal year. Reduction in raw material prices, particularly coal, has not provided enough cushion to reduce the loss arising from net sales realization. Sourcing of the entire requirements of iron ore from the Odisha Mining Corporation and improvement in techno-economic factors have, however, resulted in a marked saving during the current fiscal year.

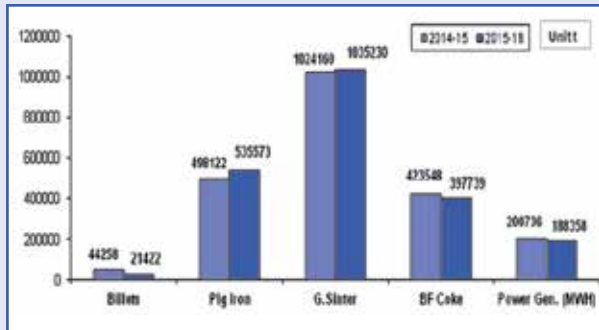
Continuing loss and steep repayment schedule of project term loan have contributed adversely to the cash flow of the company. Pending receipt of additional equity, the company had to raise further loans amounting to ₹ 270 Cr. from corporate and FIs to meet the short fall in cash requirements. This has resulted in higher interest burden which has affected the bottom line significantly.

However, during the year, your company has successfully structured the eligible outstanding project loan covered under the 5/25 scheme of the RBI w.e.f. 01.04.2015. The steep schedule of repayment of loan has been phased out over 85% of the economic life of the assets covering a period of 8 years for the Phase – I and 18 years for the Phase – II , thus easing out the pressure on cash outgo.

Production Performance

Financial year 2015-16 was a challenging year for NINL due to recession in the steel sector with lesser sales realization. In spite of the

sluggish market conditions, with collective efforts the Company achieved production of (a) 616570 t of Hot metal (b) 1035230 t Gross sinter (c) 469219 t of Gross coke, (d) 188358 MWH power. The pig iron production was 535573 t during the year. The Liquid steel production during the year was 25232 t and Billets 21422 t. It has also made 2 new monthly records on the production front. Also there has been growth over last year in the production fronts and techno-economic improvements. There was an increase of 2.3 % in Hot metal production & 7.52 % increase in pig iron production compared to the previous financial year. Highest receipt of Iron Ore Fines from OMC Daitari in a year (789920 ton against the previous best of 593941 ton in 2006-07) helped the company to improve its bottom line. The pig iron and BF coke production was regulated in view of low off-take and less realization due to sluggish market conditions. For BF coke, inventory was controlled significantly.

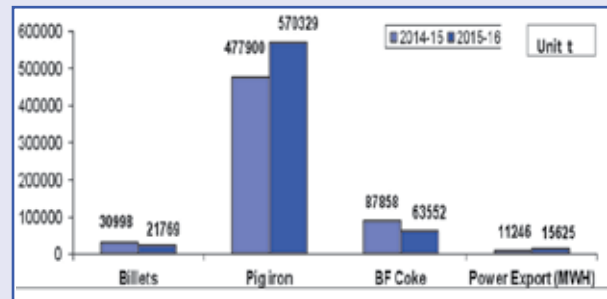


Despatch Performance

Your company has achieved despatch of Billets of 21769 t & Pig iron 570329 t during this year. Apart from it, your company has despatched BF coke of 63552 t, 194818 t of G.slag, 41499 t of scrap, 7708t of Nut coke, 17534 t of crude tar & 5326 t of Amm.sulphate during this year. Also 15488 MWH of power was exported to GRIDCO.

Despatch Highlights

Pig iron domestic sale was maximized due to less off-take in the export market. Your company achieved highest Domestic Pig iron Despatch during the year which is 440979 t (previous best was 357185 t in 2009-10). Despatch of Pig iron through containers (by road) started on 25th Nov' 2015 which is probably the first of its kind for the PSUs in India. The first Pig Iron Container Rake was despatched on 22.01.16. Eleven container rakes of Pig iron were despatched during the year



Status of SMS Project

During the financial year 2015-16, the following balance facilities were taken up for completion of balance project jobs of SMS :

- Scrap handling crane with magnet and auxiliaries was commissioned and put to use in SMS. This will facilitate charging of various scraps in converter and enhance productivity.
- Mechanical erection of gas holder was completed and pressure testing carried out successfully. The Order for Installation of Gas Mixing Station near Power Plant has been placed on M/s Enviro Care, Kolkata. The job is expected to be completed by December' 2016.
- PG Tests of various systems were being undertaken and contract closing proceeding have been initiated jointly with our consultant M/s MECON.

- Tendering of Secondary Emission Control System as a pollution control measure is under process.
- Inter-Plant Pipeline connectivity to Lime Dolo Plant has been successfully tested.

Mining

NINL was granted a mining lease over the revised area of 874.290 hectares by Govt. of Odisha in the year 2009. The execution of said Mining Lease is pending for want of Forest Clearance (FC) from MoEFCC, Govt. of India. As regards grant of FC, the Forest Diversion Proposal, complete in all respects & duly recommended from Dept. of F&E, Govt. of Odisha, BBSR & Regional office of MoEFCC, BBSR, is pending with MOEFCC, New Delhi pending a policy decision based on the Carrying Capacity study report. The said report has already been submitted to MoEFCC by NEERI, Nagpur. After obtaining the Stage – I FC further steps will be taken for Stage – II clearance and execution of mining lease and operation of the mines thereafter.

Future Outlook

With the present trend of global and Indian economic scenario the revival of the steel market remained tough during the year. With lower coal prices and lower iron ore prices over the previous year, there is likelihood of increase in net sales realization and increased demand in steel products. With the imposition of MIP and allowance of safeguard duty etc., coupled with increase in infrastructure spending, the demand in the domestic market is likely to improve.

Dividend

In view of the loss, your Directors do not recommend any dividend to its share holders for the financial year ended 31st March, 2016.

Transfer to Reserve

In view of the loss, your Directors do not appropriate any amount to be transferred to Reserves during the year under review.

Deposits

Your company has not accepted any deposit from the public during the financial year under review under Section 73 of the Companies Act, 2013.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

The details of loans and guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in Note 12, 16 and 26 respectively of the Notes forming part of the financial statements.

Related Party Transactions

All transactions entered into by the company with related parties were in the ordinary course of business. The Audit Committee granted omnibus approval for transactions undertaken during 2014-15 and 2015-16. The approval of the Board for such transactions has been taken. Suitable disclosures as required under AS – 18 have been made in Note No. 27.1.3 of the Notes to the financial statements. The Board has approved policy on the Related Party Transactions. None of the Directors or Key Managerial Personnel has any pecuniary relation or transactions vis-à-vis the company during the year. Details of the transactions are provided in Form AOC – 2, which is attached as “Annexure – I”.

Subsidiary, Joint Venture or Associate Companies

The company does not have any subsidiary, joint venture or an associate company.

Risk Management

The Board of Directors is responsible for identifying, evaluating and managing all significant risks faced by the company. The risk management policy of the company is being finalized.

Internal financial control system

The internal financial controls with reference to the financial statements of the company for the year are adequate. The Company is in the process of finalizing and implementing a suitable policy in this regard.

Material Change and Commitments

No material changes & commitments affecting the financial position of the company have occurred between the end of the financial year of the company and the date of signing of this report.

Significant / Material Orders passed by the Regulators

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

Establishment of Vigil Mechanism

As per provision under Section 177(9) of the Companies Act, 2013, the Company is in the process of finalising a Vigil Mechanism Policy.

Techno-Economics and Energy Conservation

Your company took many measures to improve upon the techno-economics of the plant. The following illustration are significant:-

Coke Oven :

- Coal tar yield improved to 3.01 % / t DC from 2.83 %/ t DC

Sinter Plant :

- Sinter return generation reduced to 289 kg/t GS from 374 kg/t GS
- Coke breeze consumption rate reduced to 65 kg/t GS from 68 kg/t GS
- Limestone consumption rate reduced to 47 kg/t GS from 64 kg/t GS
- Dolomite consumption rate reduced to 87 kg/t GS from 90 kg/ t GS
- BF Returns consumption rate reduced to 127 kg/t GS from 151 kg/t GS
- Met. Waste consumption rate increased to 28kg/t GS from 19 kg/t GS

Blast Furnace :

- Blast Furnace productivity increased to 1.009 t/day/cum from 0.989 t/day/ cum
- % Sinter in burden increased to 94.36% from 90.43%
- BF gas generation increased to 2737 cum/t Dry coke from 2719 cum/t dry coke
- Liquid Slag rate reduced to 270 kg/t HM from 306 kg/t HM

Power Plant :

- LDO consumption rate reduced to 0.26 lit/t steam to 0.47 lit/t steam

Others :

- Receipt of Iron Ore fines rakes increased to 239 from 199
- Wagon tipping of Raw Material Handling Section increased to 15423 from 14752
- Demurrage of Rakes is Reduced to Rs 29 lakh in 2015-16 from Rs 1.51 Crores in 2014-15

Human Resource Management

HR Initiatives

- During the year 2015-16, 06 executives and 13 non-executives were inducted.
- 328 non-executives and 33 executives were promoted to the next level.
- "NINL Post Retirement Mediclaim Scheme" has been introduced to provide assistance for healthcare coverage through mediclaim policy to retired employees and their spouse.

DP (Displaced Persons) centric initiatives

- Project level R & R committee meeting have been held at the ADM's office at regular interval under the chairmanship of the Collector Jajpur, Odisha for settling R&R issues.
- Out of 40 cases, 07 cases of Malika Sahi, Khurunti have been settled with payment of cash in lieu of employment. Regular maintenance allowance is being paid to 32 DPs of Malika Sahi, Khurunti as per the R&R Policy of Government of Odisha.
- Regular grievance meetings are held in the office of ADM Kalinga Nagar to address the grievances of citizens and displaced families in particular.
- 16 Nos. of cases of "Next-of-Kin" of deceased employees of displaced families have been settled during the year. One of the NOK's nominee has been sponsored by company to pursue an ITI Course.

Industrial Relations

The company's overall industrial relations scenario was by and large peaceful except for occasional disturbances on account of inter-

union rivalry or issues raised by contractors labour pertaining to employment and issues relating to the peripheral villages.

Training and Development

During the financial year 2015-16, various training programmes were conducted for polishing the technical and behavioural skill of the employees. Also a number of general awareness programmes was organised for creating awareness among the employees. Highlighted below are some of the technical, behavioural and general awareness programmes that were conducted during the year under review.

A number of awareness programmes such as training on Safety and Fire-Fighting, programmes on First Aid and Occupational Health Hazards, programmes on AIDS awareness and environment awareness were conducted throughout the year.

Programmes like Discipline Management, Leadership and Team building and workshop on improving the communication and presentation skills of employees were conducted on regular basis for improving the behavioural skills of employees.

A number of skill development programmes was also conducted, for example : training on changes in the Provident Fund Scheme for HR Professionals, Knowledge on selection of Engineering Materials for technical professionals, etc.

Apart from these, employees were also sent for external training programmes in their relevant areas like finance, medical and technical areas.

Safety

- Zero fatal accident during 2015-2016.
- Non-Reportable accident reduced 50%

comparison to 2014 (2014 – 48 nos, 2015 – 24 nos).

- Severity rate reduced from 6.64 to 0.110 comparisons to previous year.
- Frequency rate reduced from 6.55 to 2.75 in the previous year.
- Received "Ispat Suraksha Puraskar – 2016" from JCSSI, Ranchi for No fatal accident during Calendar year 2015.
- Received "Ispat Suraksha Puraskar – 2016" from JCSSI, Ranchi for No accident involving contractors workers for the year 2015.
- Received "Ispat Suraksha Puraskar – 2016" for No fatal accident in plant for different zones for calendar year 2014 & 2015 for 3 different zones.
- Stability certificate obtained from competent person for Ammonium Sulphate Plant building & LRS building for the year 2015.
- Health check up of 1500 persons completed.
- National safety day celebrated on 4th March, 2016 with various competitions as safety awareness program.
- Joint Inspection and Monthly safety meeting conducted at 8 departments for year 2015-16.
- Safety training imparted to 814 persons (400 regular employees & 414 contractor workers) in this year 2015-16.
- On the spot safety training imparted to 1200 nos of employees at Project site and other plant site.
- Total nos of 1227 unsafe points observed & 962 points were taken care of.
- Fire Demonstration and Mock Drill imparted to 250 persons.
- No major fire occurred during the year.

Environment and Pollution Control Activities

Your company is committed to the preservation of environment and minimizes the environmental impact of its operations by adopting sustainable practices, and continuous improvement in environmental performance. Entire plant and processes are based on principle of "Recover, Reuse and Recycle" of material and energy. Your company, an ISO : 140001 certified company, has also taken various initiatives to minimize carbon foot print, increase the green cover within plant premises and in the peripheral areas.

Some of the key initiatives adopted and followed are enumerated hereunder :

Control of Air Pollution

In order to Control air pollution, state of the art pollution control equipment in the form of Electrostatic precipitator, Cyclone separator, Dry Fog System, Water Sprinkling system have been provided. In order to clean the gaseous byproduct such as COG, BFG and BOFG, scrubber based Gas Cleaning Plants have been provided. All major stacks and critical areas are monitored regularly to eliminate any abnormal pollutant discharge.

Control of Water Pollution

Effluent Treatment Plant at Blast Furnace and SMS provided for treatment of effluents are being operated efficiently. The treated effluent from ETPs is recycled back as cooling and scrubbing medium in the Gas Cleaning Plant. The quality of waste water discharge from the Plant is regularly monitored and complies with standards prescribed by the regulatory authority. Effluent Treatment Plant (BOD) has been provided for treatment of the Effluent of the Co-Byproduct Plant. The treated effluent is reused and stored in lined evaporation pond.

Solid Waste, Gaseous Waste and Hazardous Waste

Solid Waste generated from the plant is completely reused and recycled within the plant premises or disposed to authorized recyclers. BF slag is sold to cement Plants. There are certain type of hazardous waste which cannot be reused or recycled. Such types of waste are being sent to the Common Storage Treatment and Disposal (CSTDF) Facility designated by the State Pollution Control Board.

Gaseous Byproducts that are generated from process in the Blast Furnace and Coke Oven are utilized for captive heating in the Blast Furnace and the Coke Oven. These Gases are also used for heating applications in the Steel Melting Shop and the Sinter Plant. The balance is used for generation of power in the Gas based Captive Power Plant.

Electronic Display Board for Environmental Information

In order to communicate to the society and stake holders in a transparent way regarding environmental information and performance, an electronic display board has been installed at the Plant Gate which continuously displays all environment related information.

Recent Initiative

i) Online Environmental Monitoring Systems

Continuous Environment Monitoring systems have been provided at six stations for online monitoring of the Ambient Air Quality, Quality of Stack Emission effectively covering the entire plant and all the major stacks. Similarly for monitoring the performance of the Effluent Treatment Plant (ETP) on real-time basis. Two Effluent Quality Monitoring stations have been installed. The data generated from these stations are being transmitted to the server of the State Pollution Control Board, Odisha on real-time basis

ii) Coal Wash Water Management

Waste water management of the Coke Oven Plant has been improved by construction of the Coal Settling Pond and the Garland drain of the Coal Yard.

iii) Waste Water Recycling System

A waste Water Recycling System has been put in operation for reuse of waste water in the plant process. This has reduced the fresh water consumption of the plant thus saving a precious natural resource.

Total Quality Management

Your company has adopted a "Total Quality Approach" for continual improvement through Total Quality Management System. Several concepts have been adopted for implementation of TQM, which are listed below:

- Certification Audit of ISO 9001-2008, ISO 14001:2004 was successfully completed
- ISO 9001-2008, ISO 14001:2004 was implemented in the Steel Melting Shop

Awards and Recognition

- Received "Ispat Suraksha Puraskar-2016" from JCSSI, Ranchi for No fatal accident during the Calendar year 2015.
- Received "Ispat Suraksha Puraskar-2015" from JCSSI, Ranchi for No accident involving contractors' workers for the year 2015.
- Received "Ispat Suraksha Puraskar-2016" for No fatal accident in plant for different zones for calendar year 2014 & 2015 for 3 different zones.

Corporate Social Responsibility

As a responsible corporate body, your company has always been committed to discharging

its social responsibility in the best possible way. Various initiatives have been taken for the benefit of society and the environment from the beginning. Your company has been incurring losses during the last 3 years due to global recession in the steel sector coupled with fall in selling price of its products. Hence, your company was statutorily not required to undertake any CSR initiative during 2015-16. In view of the fact that your company has been continuously undertaking CSR initiatives, the Board of Directors of your company voluntarily allocated Rs. 67.80 lakhs for undertaking CSR activities during 2015-16. The initiatives undertaken by the company on CSR activities during the year are set out in "Annexure – II".

Particulars of Employees

During the year under review, no employee of your company was in receipt of remuneration in excess of the limits as prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information required under Section 134 (3)(m) of Companies Act, 2013 read with Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended as "Annexure - III " and it forms part of this Report.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that :

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements 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 at 31st March, 2016 and of the profit & loss of the company for the financial year ended 31st March, 2016;
- c) 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;
- d) The annual accounts have been prepared on a going concern basis;
- e) Proper system to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Nomination and Remuneration Policy

In term of the requirement of Section 178 of the Companies Act, 2013, on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Nomination and Remuneration Policy of the Company.

Directors and Key Managerial Personnel

During the year, the office of Director of Shri U. P. Singh, Director has been automatically vacated with effect from 01.04.2015 in pursuance to the provisions of Section 167 of the Companies Act, 2013.

Ms. Meena Gupta has been appointed as Independent Woman Director of the company w.e.f. 15.04.2015 to 14.04.2018.

Shri S. D. Kapoor has been appointed as Independent Director of the company w.e.f. 13.05.2015 to 12.05.2018.

Shri P. K. Jain (nominee of MMTC Ltd.) has been appointed as Director on the Board of Directors of the company w.e.f. 13.05.2015.

Dr. T. R. K. Rao, Director (Commercial), NMDC was appointed as Nominee Director vice Shri Rabindra Singh, Ex-Director (Personnel), NMDC by the Board of Directors at its meeting held on 02.03.2016.

Dr. S. R. Jain relinquished the charge of Part Time (Independent) Director on 15.03.2016.

Shri R. Vineel Krishna, IAS, Managing Director, OMC was appointed as Nominee Director vice Shri Girish S. N., IAS, Ex-MD, OMC w.e.f. 18.05.2016 .

The Board places on record its deep appreciation for the commendable services and contribution made by Dr. S. R. Jain and Shri Rabindra Singh, Directors during their tenure.

Shri Ved Prakash, Director, Shri R. K. Sharma, Director and Shri Anand Trivedi, Director are liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors)

Rules, 2014 and the Articles of Association of your Company and being eligible have offered themselves for re-appointment.

Pursuant to the provision of Section 203 of the Companies Act, 2013, the key managerial personnel of the company are Shri G. S. Gill, Managing Director & CEO and Shri Pravakar Mohanty, Director (Finance) & CFO and Shri D. P. Parija, Company Secretary. There has been no change in the key managerial personnel during the year.

Number of Meetings of Board and Audit Committee

The details of the number of Board and Audit Committee meetings are set out in the corporate governance report, which forms part of this report.

Declaration of Independence

Your company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Section 149(6) of the Companies Act, 2013.

Corporate Governance

A report on Corporate Governance is attached to this report as "Annexure – IV ".

Statutory Auditors' Report

M/s. Singh Ray Mishra & Co, Chartered Accountants, Bhubaneswar were appointed as auditors of the company for the financial year 2015-16 by the office of the Comptroller and Auditor General of India vide letter No./CA.V/COY/CENTRAL GOVERNMENT, NISPAT(1)/63 Dated 03.07.2015.

The Statutory Auditors' Report on the accounts of the company for the financial year ended 31st March, 2016 is enclosed to the Directors' Report at "Annexure – V".

Comments of C & AG

The Comptroller and Auditor General of India (C & AG) vide its letter No. 1193/REPORT/01-56(NINL)/2016-17 dated 17.07.2016 has given "nil" comments on the accounts of the company for the year ended 31st March, 2016 under Section 143(6) (b) of the Companies Act, 2013. A copy of the above letter of C & AG is placed at "Annexure – VI".

Cost Auditors

As per Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has appointed M/s. Niran & Co., Cost Accountants, Bhubaneswar as the Cost Auditor for the financial year 2015-16 on the recommendations made by the Audit Committee.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company engaged the services of M/s. Saroj Ray & Associates, practicing Company Secretaries, Bhubaneswar to conduct the Secretarial Audit of the company for the financial year ended 31st March, 2016. The Secretarial Audit Report in Form MR-3 along with Management's Reply on the observations of the Secretarial Auditor is enclosed as "Annexure – VII".

Extract of Annual Return

As provided under Section 92(3) of the Act, the Annual Return is given in "Annexure – VIII" in the prescribed Form MGT- 9, which forms part of this report.

Acknowledgment

Your Directors wish to place on record their sincere appreciation for the efforts, commitments, support and dedicated services extended by every member of the NINL family, which contributed to the continuous growth and consequent performance of the company. Your Directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by all the stake holders including Ministry of Commerce, Govt. of India, Govt. of Odisha, Department of Steel & Mines, Department of Forest & Environment, Director of Factories & Boilers, State Pollution Control Board, State Power Grid, Railways, Ports, other Central and State Govt. Agencies, Suppliers, Bankers, Customers and Shareholders. Your Directors also wish to acknowledge the continued support and guidance received from MMTC, NMDC, IPICOL & OMC.

For and on behalf of the Board

Sd/-
[Ved Prakash]
Chairman

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Name of the Related Party	MMTC Limited	The Odisha Mining Corporation Ltd.
a) Nature of the relationship	Promoter	Joint Venture
b) Nature of contracts / arrangements/ transactions	The Agreements for sale / purchase of finished goods and raw materials was signed between MMTC & NINL vide agreement dtd. 22.06.2012.	The Agreement for purchase of Calibrated Lump ore and iron ore fines of Daitari Iron Ore mines entered into between NINL and OMC dtd. 10.07.2015
c) Duration of contracts / arrangements /transactions	On ongoing basis as long as the requirement for buying and selling subsists	Five years up to June, 2020
d) Salient terms of the contracts of arrangements or transactions including the value , if any.	Shareholders Agreement between MMTC & Govt. of Odisha through M/s IPICOL envisage that MMTC shall organise supply of raw materials and consumables for the plant on mutually agreed terms, domestic sale and export of products of the NINL company shall be arranged by MMTC at mutually agreed terms between MMTC & NINL. Agreement for sale / purchase of finished goods and raw materials was signed between MMTC & NINL vide agreement dtd. 22.06.2012.	The products agreed to be sold with proper specification. The annual sales quantities can be increased and decreased by mutual consent of both the parties, subject to OMC's sales policy.
e) Justification for entering into such contracts or arrangements or transactions	As mentioned above.	As mentioned above.
f) Dates of approval by Board	18th May, 2016	18th May, 2016
g) Amount paid as advances, if any	NIL	NIL
h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188		

2. Details of material contracts or arrangement or transactions at arm's length basis : ----- NIL -----

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :

The CSR Policy of the company aims at improving quality of life of the communities by addressing the social, economic and environmental concerns of society, the communities in its operational areas.

At your company, CSR has been the corner stone of success right from its inception. Your company has defined a set of core values for itself : CARE, COMPASSION, COMMITMENT & TRUST, to guide all its CSR initiatives which are deeply embedded in our vision statement :

“To be a respectable global leader in Iron and Steel industry with an emphasis on prosperity of people and protection of environment”

Your company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work for inclusive growth of society and environment sustainability.

The Corporate Social Responsibility (CSR) Policy of the company as approved by the Board of Directors is available on the Company's website at www.ninl.in.

2. Composition of the CSR Committee. : The company has a CSR Committee of Directors comprising of Shri D. P. Bagchi, Chairman of the Committee and Shri P. K. Jain, Director, Shri G. S. Gill, Managing Director, Shri Ravindra Ranjan, Jt. Managing Director and Shri Pravakar Mohanty, Director (Finance), as members.
3. Average net profit of the company for last three financial years : The average net profit during the preceding three financial years was negative.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : In accordance with provisions of the companies Act, 2013, the average net profit of the company in the preceding 3 years being negative, allocation was not mandated. However, considering the fact that NINL has been continuously undertaking CSR initiatives, the Board of Directors voluntarily allocated Rs. 67.80 lakhs for undertaking CSR activity during 2015-16. .

5. Details of CSR spent during the financial year : Rs. 67.80 lakhs.
 - (a) Total amount to be spent for the financial year : NIL
 - (b) Amount unspent, if any : NIL.
 - (c) Manner in which the amount spent during the financial year is enclosed herewith.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. : Not Applicable

The CSR Committee of Directors states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-
[R. Ranjan]
Jt. Managing Director

Sd/-
[D. P. Bagchi]
Chairman
CSR Committee of Directors

Enclosure

Detailed manner of CSR Expenditure made during 2015-16

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S/N	CSR Project or activity under taken	Sector in which the project is covered	Projects or programmes carried out in Local Area or others (Specify the State or district where the project or programmes was undertaken)	Amount outlay (budget) project or programs wise	Amount spent in the project or programmes (Direct Expenditure)	Cumulative expenditure upto the reporting period	Amount spent, Direct or through implementing Agency
1	Operation and Maintenance cost of Supply of Drinking water & augmentation of drinking water supply system	Making availability of drinking water	Local area. Sarangapur	23.11	23.11	23.11	Direct
2	Operation and Maintenance system at Gobarghati through IDCO R.	Making availability of drinking water	Local area /R &R Colony, Gobarghati,	5.06	5.06	5.06	IDCO
3	Installation of new borewell and construction of pump house at Gobarghati Colony at R & R Colony	Making availability of drinking water	Local area/ R & R Colony, Gobarghati	5.29	5.29	5.29	M/s.Subrat Kumar Deo, Baragadia, Jajpur
4	Drinking water. Provision of drinking water to the mining villages	Making availability of drinking water	In the Mining areas	6.88	6.88	6.88	Direct
5	Supply of drinking water pouches at Car Festival, Puri	Making availability of Drinking water	Puri	0.84	0.84	0.84	Direct
	Sub-Total-I			41.18	41.18	41.18	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Treatment expenditure of near by villager in NINL First Camp	Promoting health care	Duburi, Baragara, Sarangapur, Nuagan, Godigotha, Rampillo Etc	5.60	5.60	5.60	Direct
2	Infrastructure support to immunisation programme and Preventive care Vector related disease	Promoting health care	Local Areas/ Gobarghati, Baragadia, Nadiabhanga,	0.29	0.29	0.29	M/s. Truly pest control solutions
3	Medical check camps in minings villages	Promoting health care	Basada, Kalia, Handi bhanga, Sanapatali, Kriyakudar etc	1.40	1.40	1.40	District Admn.
4	Financial Assistance to Red Cross society through DA	Promoting health care	Local/Jajpur	0.25	0.25	0.25	Direct
	Sub Total-2			7.54	7.54	7.54	
1	Financial aid to educational institutions	Promoting education	Local/ Sarangapur	1.86	1.86	1.86	Direct
2	Financial assistance to teachers	Promoting education	Basada, Kalia, Handi bhanga, Sanapatali, Kriyakudar etc.	1.92	1.92	1.92	Direct
3	Donation of three number of Inverters with Battery to Tapoban Girls High School, Rampillo	Promoting education	Local Area/ Rampillo	0.48	0.48	0.48	Direct
	Sub-Total-3			4.26	4.26	4.26	
1	Organising All India Foot ball tournament at Jajpur and promotion of sports and games in peripheral villages	Promoting sports and games in peripheral villages	Local/Jajpur/ Sarangapur/ Gobarghati etc	1.62	1.62	1.62	Jajpur District Athletic Association and Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2	Financial assistance for promotion of various sports and games activities	Promoting sports and games in peripheral villages	In mining villages Basada, Kadalia, Handibhanga, Sanapatali, Kriyakudar etc	0.31	0.31	0.31	Direct
	Sub-Total-4			1.93	1.93	1.93	
1	Financial assistance to Tahasildar, Sukinda for Car Festival, Mahasivaratri	Promotion of Art and culture	Sukinda, Duburi, Jajpur	0.20	0.20	0.20	Direct
2	Socio-cultural developmental activities in peripheral villages	Promotion of Art and culture (TUSU Sankranti / Festival)	Peripheral villages like Sarangapur, Duburi, Baragadia	1.75	1.75	1.75	Direct
3	Financial assistance for conducting cultural programmes	Promotion of Art and culture	In mining villages Basada, Kadalia, Handibhanga, Sanapatali, Kriyakudar etc	0.50	0.50	0.50	Direct
	Sub-Total-5			2.45	2.45	2.45	
1	Plantation activities and distribution of saplings to locals	Environmental sustainability	Inside the plant premises and peripheral villages of the plant	10.16	10.16	10.16	Direct
2	Distribution of fruit bearing plant in Mining villages	Environmental sustainability	Mining villages like Handibhanga	0.28	0.28	0.28	Direct
	Sub-total-6			10.44	10.44	10.44	
	Total			67.80	67.80	67.80	

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

A. Conservation of Energy:

- (a) Steps taken for conservation:
1. Heat consumption reduced to 627 Mcal/t DC from 699 Mcal/t DC in Coke Oven
 2. Coke breeze consumption rate reduced to 65 kg/t GS from 68 kg/t GS in Sinter Plant.
 3. Power consumption reduced to 55 MWH/t GS from 59 MWH/t GS in Sinter Plant
 4. Total Fuel consumption rate (Dry coke+ Nut coke) reduced to 537 kg/t HM from 549 kg/t HM in Blast Furnace
 5. LDO consumption reduced to 0.26 lit/t steam to 0.47 lit/t steam in Power Plant
- (b) Steps taken for utilizing alternate sources of energy - N A
- (c) Capital investment on energy conservation equipments: No capital investment was done during the year. However; with better operational discipline as mentioned in A (a) above saving of Rs. 20.85 Crs is achieved.

Sl. No.	Capital investment on energy conservation equipments (Rs/ Crs.)	Energy Savings	Financial Savings
1	NA	As mentioned in A. (a) above	Rs. 20.85 Crs

B. Technology Absorption:

- a) Efforts made for technology absorption
- i) Technology of Steel Melting Shop (SMS) from M/S Semag Germany is under Stabilization.
 - ii) Ladle heating furnace (LHF) from M/S Daneilli is under stabilization.
- b) Benefits derived (The benefits derived like product improvement, cost reduction, product development or import substitution) – With commissioning of LHF, NINL is able to produce grade specific billets to fetch better price realization.
- c) Expenditure on R&D, if any – No separate expenditure is made on R&D under capital head.

- d) Details of technology imported - No technology was imported during the year.
- e) Year of import- NA
- f) Whether imported technology fully absorbed. - The Steel Melting Shop technology imported earlier from Germany is under stabilization.
- g) If not fully absorbed, areas where absorption of imported technology has not place and the reasons thereof. - Due to sluggish market condition and long stabilization period, the technology is not fully absorbed.

C. Foreign Exchange Earnings and Outgo:

The CIF value of imports made by the Company during the year through MMTC was Rs. 43,998.25 lakhs and expenditure in foreign exchange made by the company during the year was Rs. 126.29 lakhs. During the year, your company exported Pig Iron amounting to Rs. 17,650.35 lakhs through MMTC.

CORPORATE GOVERNANCE

Your company believes that good Corporate Governance is essential for achieving long term corporate goals and to enhance stake holders value. In this pursuit, your company's philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and your company has been practicing the principles of Corporate Governance over the years.

At NINL we are committed to doing thing the right way which means taking business decisions and acting in a way that is ethical and in compliance with applicable legislation. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

1.0 Board of Directors

The Board of Directors has a mix of Executive, Non-executive and Independent Directors. As on March 31, 2016, the company has fourteen Directors. Of the fourteen Directors, eleven are Non-executive Directors and three are Independent Directors. The Executive Directors includes Managing Director, Joint Managing Director and Director (Finance). Subject to the overall superintendence and control of the Board, the day to day management of the company is vested with Shri G. S. Gill, Managing Director.

1.1 Board Meetings and Attendance

During the year four meetings of the Board of Directors were held on 13.05.2015, 24.08.2015, 10.11.2015 and 02.03.2016.

The Directors' attendance at the Board meeting and number of directors in other companies during the year were as follows :

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings during the year 2015-16		No. of Directorships in other Companies	No. of Committee position held in other companies
			Held	Attended		
1	Shri Ved Prakash Chairman DIN 02988628	Non-Executive	4	4	4	-
2	Dr. S. R. Jain Director DIN 00364293 (01.04.15 to 15.03.16)	Independent	4	4	2	-
3	Shri D. P. Bagchi Director DIN 00061648	Independent	4	4	9	-

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings during the year 2015-16		No. of Directorships in other Companies	No. of Committee position held in other companies
			Held	Attended		
4	Ms. Meena Gupta Director DIN 07159004 (15.04.15 to 31.03.16)	Independent	4	2	1	-
5	Shri S. D. Kapoor Director DIN 00043634 (13.05.15 to 31.03.16)	Independent	4	3	7	-
6	Shri Anand Trivedi Director DIN 01077784	Non-Executive	4	3	5	-
7	Shri M. G. Gupta Director DIN 02200405	Non-Executive	4	4	4	-
8	Shri P. K. Jain Director DIN 06594855 (13.05.15 to 31.03.16)	Non-Executive	4	4	3	-
9	Shri R. K. Sharma, IAS Director DIN 02547393	Non-Executive	4	1	5	-
10	Shri S. Chopra, IAS Director DIN 00498938	Non-Executive	4	-	11	-
11	Shri Girish S. N., IAS Director DIN 06979158	Non-Executive	4	2	9	-
12	Shri Rabindra Singh Director DIN 03641126 (01.04.15 to 02.03.16)	Non-Executive	3	2	2	-
13	Dr. T. R. K. Rao Director DIN 01312449 (02.03.16 to 31.03.16)	Non-Executive	1	-	4	-
14	Shri G.S Gill Managing Director DIN 03048219	Executive	4	4	1	-
15	Shri Ravindra Ranjan Jt. Managing Director DIN 07018323	Executive	4	4	-	-
16	Shri Pravakar Mohanty Director (Finance) DIN 01756900	Executive	4	4	-	-

2.0 Committees of the Board

2.1 Audit Committee of Directors

The Audit Committee of the Company was reconstituted by the Board of Directors on 13th May' 2015 and again on 24th August' 2015. As on 31st March, 2016, the Audit Committee comprises

of three Non-Executive Independent Directors and one Non-Executive Director. The Chairman of the Audit Committee is Non-Executive Independent Director. All the meetings of the Committee held during the year were chaired by Non-Executive Independent Director.

The Audit Committee of Board of Directors met four times during the year under review : i.e. on 09.05.2015, 24.08.2015, 10.11.2015 and 02.03.2016. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31st March, 2015 are detailed below :

Name of the Member	Nature of Membership	Meeting details	
		Held	Attended
Shri D. P. Bagchi	Chairman	4	4
Dr. S. R. Jain *	Member	4	3
Ms. Meena Gupta	Member	3	2
Shri S. D. Kapoor	Member	2	2
Shri M. G. Gupta	Member	4	4

* Dr. S. R. Jain relinquished the office of Director

Other Functional Directors including Director (Finance), Statutory Auditor and Internal Auditor of the company attended the above meetings. The Company Secretary is also Secretary to the Audit Committee. The minutes of all the Audit Committee meetings were put up to Board in their subsequent meetings as item for information. The Chairman of the Audit Committee also appraises the Board about the observations, if any, of the Audit Committee during the Board Meeting.

2.2 Corporate Social Responsibility (CSR) Committee of Directors.

The Corporate Social Responsibility (CSR) Committee of the company has been reconstituted by the Board of Directors on 13.05.2015 with the following members viz., Shri D. P. Bagchi, Independent Director as Chairman, Shri P. K. Jain, Director, Shri G. S. Gill, Managing Director, Shri Ravindra Ranjan, Jt. Managing Director and Shri Pravakar Mohanty, Director (Finance) as members.

During the Financial Year 2015-16, one meeting of CSR Committee was held on 09.05.2015. The minutes of the meeting was submitted to the Board for information.

2.3 Nomination & Remuneration Committee of Directors:

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee has been constituted by the Board of Directors of the Company in its meeting held on 24th August, 2015 comprising of Shri D. P. Bagchi, Non-Executive Independent Director as Chairman, Shri S. D., Kapoor, Non-Executive Independent Director and Shri P. K. Jain, Non-Executive Director as members.

2.4 Project Implementation Review Committee (PIRC) of Directors

The Project Implementation Review Committee (PIRC) of Directors was reconstituted by the Board of Directors on 13th May' 2015 and again on 24th August' 2015 with the following members viz., Dr. S. R. Jain, Non-executive Independent Director as Chairman, Shri D. P. Bagchi, Non-executive Independent Director, Shri S. D., Kapoor, Non-Executive Independent Director, Shri P. K. Jain, Non-executive Director, Shri G. S. Gill, Managing Director and Shri Ravindra Ranjan, Jt. Managing Director as members. Further, upon relinquishment of Charge by Dr. S. R. Jain, the Board of Directors in its meeting held on 18.05.2016 appointed Shri S. D. Kapoor, Non-Executive Independent Director as Chairman of the committee.

During the year, two meetings of PIRC were held on 24.08.2015 and 10.11.2015. The minutes of these meetings were submitted to the Board of Directors for information.

2.5 Other Board Sub-Committees

The Board of Directors have also constituted the sub-committee of Directors viz : Bond / Debenture Committee of Directors, Committee of Directors for Mobilisation of Funds and Allotment of Shares and Committee of Directors on Construction of Corporate Office at Bhubaneswar.

SINGH RAY MISHRA & CO.

CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Members of Neelachal Ispat Nigam Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Neelachal Ispat Nigam Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan

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Continuation Sheet

and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 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 2016 and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

Nil.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 the paragraph 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;
 - (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, and 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;
 - (e) on the basis of the written representations received from the directors as on 31st March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 26.1.0 to the financial statements;
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by section 143(5) of the Act, we furnish in the Annexure C compliance to the directions issued by the Comptroller & Auditor General of India.

For Singh Ray Mishra & Co.
Chartered Accountants
Firm's Registration No.318121E

Sd/-
(CA J. K. Mishra)
Partner
Membership No.052796

Place: Bhubaneswar
Date: 20.05.2016

Annexure - A to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2016, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory of the company has been physically verified by the management at reasonable intervals and no material discrepancies were noticed.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantee, security and made any investment as provided under section 185 and 186 of the Companies Act, 2013.
- v. The company has not accepted any deposits from the public.
- vi. The maintenance of cost records has been specified by the Central Government under sub- section 1 of section 148 of the Companies Act, 2013 and such accounts & records have been made and maintained.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Taxes, Cess and other Statutory Dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2016.

b) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2016 as given herein below:

Sl. No.	Name of the Statute	Amount in dispute (₹ in lacs)	Period to which it relates	Forum where dispute is pending
1.	OST, CST, VAT and Entry Tax Act.	2,139.11	1998-99 to 2005-06	Orissa Sales Tax Tribunal
2.	CST	21.42	2003-04	Assistant Commissioner, Sales Tax (Appeal)
3.	Central Excise Duty	1.20	2005-06	CESTAT
4.	Customs Duty	112.37	2000-01	Commissioner of Central Excise, Customs & Service Tax
5.	Central Excise Duty	24,968.36	2005-06 to 2015-16	Commissioner of Central Excise, Customs & Service Tax
6.	TDS	258.93	2006-07 to 2013-14	Dy. Commissioner of Income Tax (TDS)
	Total	27,501.39		

viii. The company has not paid dues to the banks during the year for ₹382.46 lakh towards the principal and ₹1615.67 lakh towards the interest as on 31.03.2016.

Bankwise details of Principal & Interest unpaid as on 31.03.2016

Sl. No.	Name of the bank	Interest(₹)	Principal(₹)	Total(₹)
1	State Bank of India	47,675,715	24,401,000	72,076,715
2	Oriental Bank of Commerce	-	468,750	468,750
3	Union Bank of India	22,549,781	3,200,000	25,749,781
4	Indian Bank	-	1,250,000	1,250,000
5	Allahabad Bank	51,614,214	3,349,000	54,963,214
6	Central Bank of India	14,480,758	1,650,000	16,130,758
7	Dena Bank	20,195,556	3,066,667	23,262,223
8	State Bank of Hyderabad	4,418,871	490,570	4,909,441
9	State Bank of Mysore	632,000	369,624	1,001,624
	Total	161,566,895	38,245,611	199,812,506

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Continuation Sheet

- ix. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The company has availed term loans and utilized the same for the purpose for which the loans are obtained.
- x. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the company, the remuneration paid to the managerial persons are within the provisions of Section 197 read with schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanation given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him as per the provisions of section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Singh Ray Mishra & Co.
Chartered Accountants
Firm's Registration No.318121E

Sd/-
(CA J. K. Mishra)

Partner
Membership No.052796

Place: Bhubaneswar
Date: 20.05.2016

Annexure - B to the Auditors' Report**Report on the Internal Financial Controls 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 Neelachal Ispat Nigam Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 ('ICAI'). 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, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the 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.

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 receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent 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, 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 31st March 2016, 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 Singh Ray Mishra & Co.
Chartered Accountants
Firm's Registration No.318121E

Sd/-
(CA J. K. Mishra)
Partner
Membership No.052796

Place: Bhubaneswar
Date: 20.05.2016

Annexure - C to the auditors' report

Sl. No.	Directions issued under section 143(5) of the Companies Act, 2013	Compliance																
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Not applicable.																
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	Advance to the tune of Rs.107.34 lakh has been provided for being outstanding for long period.																
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Not applicable.																
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.	<p>Age-wise analysis of pending legal / arbitration cases is as follows:</p> <table border="1"> <thead> <tr> <th>Age (years)</th> <th>No. of cases</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td>4</td> </tr> <tr> <td>More than 1 year and upto 3 years</td> <td>16</td> </tr> <tr> <td>More than 3 year and upto 5 years</td> <td>5</td> </tr> <tr> <td>More than 5 year and upto 10 years</td> <td>5</td> </tr> <tr> <td>More than 10 years</td> <td>2</td> </tr> <tr> <td>Award reserved</td> <td>2</td> </tr> <tr> <td>Total</td> <td>34</td> </tr> </tbody> </table> <p>The cases are pending due to various reasons like adjournment sought for by either of the parties, pre-occupation of the courts due to heavy backlog of cases, transfer / retirement / death of the arbitrators, delay in compliance of arbitrators' directions due to ancillary problems arising and being put-forth before the courts / tribunals / arbitrators before attending to the main dispute etc.</p> <p>The following mechanism exists for monitoring expenditure on legal cases:</p>	Age (years)	No. of cases	Less than 1 year	4	More than 1 year and upto 3 years	16	More than 3 year and upto 5 years	5	More than 5 year and upto 10 years	5	More than 10 years	2	Award reserved	2	Total	34
Age (years)	No. of cases																	
Less than 1 year	4																	
More than 1 year and upto 3 years	16																	
More than 3 year and upto 5 years	5																	
More than 5 year and upto 10 years	5																	
More than 10 years	2																	
Award reserved	2																	
Total	34																	

SINGH RAY MISHRA & CO.

Continuation Sheet

		<ol style="list-style-type: none"> 1. Litigation administered and managed by Law Department is mostly filed against the company, except very few occasional cases in which the company has to file litigation. 2. In either of the above types of litigation, due approvals for contesting / filing the litigation are obtained. 3. On receipt of notice of litigation from courts / tribunals / arbitrators, comments are obtained from respective departments. If claims found not admissible as per contract / company policy, approval of competent authority is obtained for contesting the case. 4. In order to institute, defend disputes before different courts, appointment of lawyers, executing Vakalatnama and fixation of advocate's fees etc., are done with the approval of the competent authority in each case separately. The stakes involved and other relevant factors in each case are considered before suggesting a counsel by the Law Department. Similarly rate of fees are approved for the counsel in each case separately. 5. The progress / developments in the cases are monitored regularly and steps required to be taken by the company are taken to avoid adjournments on behalf of the company, unless required. 6. Bills raised by the Advocates are processed after verification of services rendered and as per approved rate of fees.
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For Singh Ray Mishra & Co.
Chartered Accountants
Firm's Registration No.318121E

Sd/-
(CA J. K. Mishra)
Partner
Membership No.052796

Place: Bhubaneswar
Date: 20.05.2016



गति डाक/गोपनीय

संख्या 1193/Report/01-56(NINL)/2016-17
प्रधान निदेशक, वाणिज्यक लेखा-परीक्षा
तथा पदेन सदस्य, लेखा-परीक्षा बोर्ड-1 का कार्यालय
1, काउन्सिल हाउस स्ट्रीट,
कोलकाता- 700001

OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-I
1, COUNCIL HOUSE STREET,
KOLKATA - 700001

दिनांक/Dated...14th Jul 2016

सेवा में,

To
The Managing Director,
Neelachal Ispat Nigam Limited,
IPICOL House (1st Floor, Annexe)
Saheed Nagar, Janpath,
Bhubaneswar-751022, Odisha

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अधीन Neelachal Ispat Nigam Limited, Bhubaneswar के वर्ष 2015-16 के लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणीयाँ ।

महोदय,

कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत 31 मार्च की समाप्त वर्ष 2015-16 के लिए नीलाचल इस्पात निगम लिमिटेड, भुवनेश्वर Neelachal Ispat Nigam Limited, Bhubaneswar की लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणीयाँ प्रेषित की जाती है ।

कृपया इस पत्र की पावती भेजे ।

भवदीय

अनु:यथोपरि ।

(प्रवीर कुमार)
प्रधान निर्देशक, वाणिज्यक लेखा-परीक्षा
तथा पदेन सदस्य, लेखा-परीक्षा बोर्ड-1
कोलकाता

**COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b)
OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF
NEELACHAL ISPAT NIGAM LIMITED, BHUBANESWAR
FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of Neelachal Ispat Nigam Limited, Bhubaneswar for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with Standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20.05.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Neelachal Ispat Nigam Limited, Bhubaneswar for the year ended 31st March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

Praveer Kumar

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I,
Kolkata

Place: Kolkata
Date: 14 July 2016

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2015-16

To
The Members,
Neelachal Ispat Nigam Ltd.
1st Floor, Annexe Building, IPICOL House
Janpath, Bhubaneswar-751022 (Odisha)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Neelachal Ispat Nigam Limited (hereinafter called 'the Company') for the financial year ended 31st March, 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Neelachal Ispat Nigam Limited ("the Company") for the financial year ended on 31st March, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act), and Rules made there under;
- (ii) The Companies Act, 1956 and Rules made there under, to the extent for specified sections in the Act, not yet notified.
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

Continuation Sheet

SAROJ RAY & ASSOCIATES
C O M P A N Y S E C R E T A R Y

- (vi) The following Agreement, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Listing Agreement for Debt Securities (Applicable till 30th November, 2015);
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period)
 - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period)
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period)
 - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period)
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period)
 - j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)
- (vii) The other laws as may be specifically applicable to the Company are:
1. Legal Metrology Act, 2009
 2. Environment Protection Act, 1986
 3. The Water (Prevention & Control of Pollution Act), 1974 and rules made there under.
 4. The Air (Prevention and Control of Pollution) Act, 1981
 5. The Hazardous Wastes (Management and Handling) Rules, 1989.
 6. Boilers Exploration Act, 1923.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Debt Listing Agreement entered into by the Company with the National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observations:

- 1) The Company needs to ensure that every Director of the Company has attended at least one Board Meeting held during the 12 months period as per the provisions of Section 167 (1)(b) of the Companies Act, 2013.
- 2) The Company has not yet established a Vigil Mechanism as per Section 177(9) of the Companies Act, 2013 and Risk Management Policy as per provisions of section 134(3)(a) of the Companies Act, 2013.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except non-compliance of provisions under Section 149(4) of the Companies Act, 2016 at the beginning and end of the financial year.

Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously, as was evident from the minutes of the meetings.

Amount spent in CSR activities:

As per the provisions of Section 135(5) of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule-VII of the Act, there was no obligation for the Company to spend any amount in CSR activities as the Company was suffering from losses in the preceding three financial years. However, the Company has voluntarily spent ₹ 67.80 lakhs on various CSR activities during the period.

Bond Issue:

During the financial year, the Company had not issued any bonds. The Company had already issued total 4000 number of bonds of face value of ₹10,00,000/- each.

The Company has complied with all the clauses of Debt Listing Agreement relating to the documents and information which are needed to be given to the Debenture Trustees.

During the Financial Year, the Company has obtained Credit Ratings from CARE with respect to its Bonds of ₹ 400 crores and Term Loan of ₹ 561.19 crores.

Continuation Sheet

SAROJ RAY & ASSOCIATES
C O M P A N Y S E C R E T A R Y

The Company has complied with the provisions of timely publication of half-yearly financial results and annual financial results in at least one English daily newspaper circulating in the whole of India.

The Company has made 100% asset cover sufficient to discharge the principal amount at all times for the bonds issued. During the financial year, the Asset Coverage Ratio of the Company was 1.59.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has taken following actions which have a major bearing on the affairs of the Company:

1. The borrowing power and creation of security for further Term Loan / Corporate Loan assistance to be availed by the Company from Financial Institutions / Banks has been increased from ₹ 2,000 crores to ₹ 2,500 crores.
2. The Company had executed an additional Corporate Guarantee of ₹ 150 crores in favour of MMTC Ltd. on the same lines as the Company had earlier issued Corporate Guarantee of ₹ 500 crores and ₹ 150 crores to secure their trade finance / working capital assistance up to a total extent of ₹ 800 crores.
3. The Company in its 144th Board Meeting held on 29.08.2014 had got the approval to raise ₹ 300 crores by issue of 200,000,000 equity shares of ₹ 10/- each with a premium of ₹ 5/- per share to existing shareholders. However, the same was modified in the 149th Board Meeting held on 10.11.2015 and the Company have now decided to raise ₹ 300 crores by Right Issue of 300,000,000 equity shares at par value of ₹ 10/- each. However the Company has not yet issued the equity shares.

For Saroj Ray & Associates
Company Secretaries

Sd/-

CS Saroj Kumar Ray, FCS
Sr. Partner
CP: 3770, FCS: 5098

Place: Bhubaneswar
Date: 25.07.2016

(This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report)

Annexure A

To
The Members,
Neelachal Ispat Nigam Ltd
1st Floor, Annexe Building, IPICOL House
Janpath, Bhubaneswar-751022 (Odisha)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Saroj Ray & Associates
Company Secretaries

Sd/-

CS Saroj Kumar Ray, FCS
Sr. Partner
CP: 3770, FCS: 5098

Place: Bhubaneswar
Date: 25.07.2016

Management's Reply to the observations of Secretarial Auditor in their report for the Financial Year, 2015-16

Sl. No.	Observations of the Secretarial Auditor	Reply of the Management
01	The Company needs to ensure that every Director of the Company has attended at least one Board Meeting held during the 12 months period as per the provisions of Section 167 (1)(b) of the Companies Act, 2013.	Duly noted for compliance.
02	The Company has not yet established a Vigil Mechanism as per Section 177(9) and Risk Management Policy as per Section 134(3)(n) of the Companies Act, 2013.	The Vigil Mechanism / Whistle Blower Policy and Risk Management Policy are being implemented.

Form No. MGT – 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 2015-16

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

I. REGISTRATION AND OTHER DETAILS

CIN	U27109OR1982GOI001050
Registration Date	27.03.1982
Name of the Company	Neelachal Ispat Nigam Limited
Category / Sub-Category of the Company	
Address of the Registered office and contact details	1st Floor, Annexe Building, IPICOL House, Janpath, Saheed Nagar, Bhubaneswar – 751022 (Odisha)
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited "Subramanian Building" 1, Club House Road Chennai - 600 002.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company.
1	Pig Iron	72011000	81.61

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1			N. A.		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.									
MMTC	289,342,744	-	289,342,744	49.78	289,342,744	-	289,342,744	49.78	NIL
IPICOL	-	88,868,389	88,868,389	15.29	-	88,868,389	88,868,389	15.29	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other ...	-	-	-	-	-	-	-	-	-
Sub-total(A)(s) :-	289,342,744	88,868,389	378,211,133	65.07	289,342,744	88,868,389	378,211,133	65.07	NIL
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2) :-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	289,342,744	88,868,389	378,211,133	65.07	289,342,744	88,868,389	378,211,133	65.07	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI									
IDBI Bank Limited	18,846,796	-	18,846,796	3.24	18,846,796	-	18,846,796	3.24	NIL
IFCI Limited	2,292,501	-	2,292,501	0.39	2,292,501	-	2,292,501	0.39	NIL
Bank of Maharashtra	1,887,847	-	1,887,847	0.32	1,887,847	-	1,887,847	0.32	NIL
Syndicate Bank	1,961,874	-	1,961,874	0.34	1,961,874	-	1,961,874	0.34	NIL
Oriental Bank of Commerce	1,298,091	-	1,298,091	0.22	1,298,091	-	1,298,091	0.22	NIL
United Bank of India	1,065,896	-	1,065,896	0.18	1,065,896	-	1,065,896	0.18	NIL
State Bank of Mysore	1,015,718	-	1,015,718	0.17	1,015,718	-	1,015,718	0.17	NIL
Central Bank of India	5,921,243	-	5,921,243	1.02	5,921,243	-	5,921,243	1.02	NIL
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies									

Neelachal Ispat Nigam Ltd.

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
f) Insurance Companies									
Life Insurance Corporation of India	4,422,944	-	4,422,944	0.76	4,422,944	-	4,422,944	0.76	NIL
General Insurance Corporation of India	216,112	-	216,112	0.04	216,112	-	216,112	0.04	NIL
National Insurance Company Limited	129,305	-	129,305	0.02	129,305	-	129,305	0.02	NIL
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1) :-	39,058,327	-	39,058,327	6.70	39,058,327	-	39,058,327	6.70	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
OMC	-	71,598,530	71,598,530	12.32	-	71,598,530	71,598,530	12.32	NIL
NMDC	-	74,799,878	74,799,878	12.87	-	74,799,878	74,799,878	12.87	NIL
MECON	-	5,000,000	5,000,000	0.86	-	5,000,000	5,000,000	0.86	NIL
BHEL	-	5,000,000	5,000,000	0.86	-	5,000,000	5,000,000	0.86	NIL
BECO	-	700,000	700,000	0.12	-	700,000	700,000	0.12	NIL
G. A. Danieli India Ltd.	-	1,000,000	1,000,000	0.09	-	1,000,000	1,000,000	0.09	NIL
SMS India Pvt. Ltd.	-	12,852,000	12,852,000	1.11	-	12,852,000	12,852,000	1.11	NIL
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
Shri R. K. Sharma, IAS	-	100	100	-	-	100	100	-	NIL
Shri Sanjeev Chopra, IAS	-	100	100	-	-	100	100	-	NIL
Shri S. D. Kapoor	-	10	10	-	-	10	10	-	NIL
Dr. B. B. L. Madhukar	-	15	15	-	-	15	15	-	NIL
Shri M. P. Gupta	-	10	10	-	-	10	10	-	NIL
Shri P. N. Sharma	-	10	10	-	-	10	10	-	NIL
Dr. S. R. Jain	-	10	10	-	-	10	10	-	NIL
Dr. S. Ray	-	10	10	-	-	10	10	-	NIL
Shri S. D. M. Nagpal	-	10	10	-	-	10	10	-	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2) :-	-	170,950,683	170,950,683	28.23	-	170,950,683	170,950,683	28.23	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	39,058,327	170,950,683	210,009,010	34.93	39,058,327	170,950,683	210,009,010	34.93	NIL
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	328,401,071	259,819,072	588,220,143	100.00	328,401,071	259,819,072	588,220,143	100.00	NIL

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	MMTC	289,342,744	49.78	NIL	289,342,744	49.78	NIL	49.78
2	IPICOL	88,868,389	15.29	NIL	88,868,389	15.29	NIL	15.29
	Total	378,211,133	65.07	NIL	378,211,133	65.07	NIL	65.07

(iii) Change in Promoters' Shareholding (Please specify, if there is no change) – No Change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	378,211,133	65.07	378,211,133	65.07
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	-	-	-	-
	At the End of the year.	378,211,133	65.07	378,211,133	65.07

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

Sl. No.	Top 10 Shareholders *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NMDC	74,799,878	12.87	74,799,878	12.87
2	OMC	71,598,530	12.32	71,598,530	12.32
3	IDBI Bank Ltd.	18,846,796	3.24	18,846,796	3.24
4	SMS India Pvt. Ltd.	12,852,000	1.11	12,852,000	1.11
5	Central Bank of India	5,921,243	1.02	5,921,243	1.02
6	MECON	5,000,000	0.86	5,000,000	0.86
7	BHEL	5,000,000	0.86	5,000,000	0.86
8	Life Insurance Corporation of India	4,422,944	0.76	4,422,944	0.76
9	IFCI Limited	2,292,501	0.39	2,292,501	0.39
10	Syndicate Bank	1,961,874	0.34	1,961,874	0.34

* There is no change in the shareholding of top ten shareholders between 01.04.2015 to 31.03.2016.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. S. R. Jain	01.04.2015	At the beginning of the year	10	0.0000017	10	0.0000017
		31.03.2016	At the end of the year	10	0.0000017	10	0.0000017
2	Shri S. D. Kapoor	01.04.2015	Shareholder of the company	-	-	-	-
		13.05.2015	Appointed as Director	10	0.0000017	10	0.0000017
		31.03.2016	At the end of the year	10	0.0000017	10	0.0000017
3	Shri R. K. Sharma, IAS	01.04.2015	At the beginning of the year	100	0.000017	100	0.000017
		31.03.2016	At the end of the year	100	0.000017	100	0.000017
4	Shri G. K. Dhal, IAS	01.04.2015	At the beginning of the year	100	0.000017	100	0.000017
		13.05.2015	Ceased to be Shareholder on Transfer of shares	-	-	-	-
5	Shri S. Chopra, IAS	13.05.2015	Shares acquired on Transfer of Shares from Shri G. K. Dhal, IAS	100	0.000017	100	0.000017
		31.03.2016	At the end of the year	100	0.000017	100	0.000017

Note : The Key Managerial Personnel of the Company had no shareholding during the period from 01.04.2015 to 31.03.2016. Shri R. K. Sharma and Shri Sanjeev Chopra, IAS holds shares as nominee of Govt. of Odisha, Department of Steel & Mines.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.
(₹ in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	181,083.96	72,374.32	-	253,458.28
ii) Interest due but not paid	1,324.50	-	-	1,324.50
iii) Interest accrued but not due	255.12	-	-	255.12
Total (i+ii+iii)	182,663.58	72,374.32	-	255,037.90

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	27,000.00	6,749.60	-	33,749.60
• Reduction	12,859.71	-	-	12,859.71
Net Change	14,140.29	6,749.60	-	20,889.89
Indebtedness at the end of the financial year				
i) Principal Amount	194,710.90	79,123.92	-	273,834.82
ii) Interest due but not paid	1,774.85	-	-	1,774.85
iii) Interest accrue but not due	318.12	-	-	318.12
Total (i+ii+iii)	196,803.87	79,123.92	-	275,927.79

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD/Manager			Total Amount
		Mr. G. S. Gill, MD & CEO	Mr. P. Mohanty, D(F) & CFO	Mr. R. Ranjan, Jt. MD	
1.	Gross Salary				
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	20.91	19.34	18.81	59.06
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	6.07	4.59	4.68	15.34
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1971	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify (Company's Contribution to Provident Fund)	2.53	2.23	2.27	7.03
	Total (A)	29.50	26.16	25.77	81.43
	Ceiling as per the Act.				

B. Remuneration to other Directors.

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. S. R. Jain	Mr. D. P. Bagchi	Ms. Meena Gupta	Mr. S. D. Kapoor	
1	Independent Directors					
	• Fee for attending board / committee meetings	1.35	2.40	0.60	0.90	5.25
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	1.35	2.40	0.60	0.90	5.25
2	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1+2)	1.35	2.40	0.60	0.90	5.25
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Not Applicable				

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1.	Gross Salary	
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	19.06
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3.65
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1971	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- As % of profit	-
	- Others, specify	-
5.	Others, please specify	2.06
	Total (C)	24.78

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.



Annual Accounts
for the Year **2015-2016**

Balance Sheet as at 31st March, 2016

(₹ in lakh)

	Note No.	As at 31st. March, 2016		As at 31st March, 2015	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share capital	1	60,265.13		60,265.13	
b) Reserves and surplus	2	<u>(39,943.44)</u>	20,321.69	<u>(7,512.20)</u>	52,752.93
2) Non-current liabilities					
a) Long-term borrowings	3	175,852.06		123,538.78	
b) Deferred tax liabilities (Net)		-		-	
c) Other long-term liabilities	4	11,802.15		10,329.29	
d) Long-term provisions	5	<u>4,279.43</u>	191,933.64	<u>3,404.29</u>	137,272.36
3) Current liabilities					
a) Short-term borrowings	6	82,503.69		88,009.31	
b) Trade payables	7	27,326.27		19,467.01	
c) Other current liabilities	8	26,590.92		50,849.02	
d) Short-term provisions	9	<u>532.79</u>	136,953.67	<u>1,633.12</u>	159,958.46
TOTAL			<u>349,209.00</u>		<u>349,983.75</u>
II. ASSETS					
1) Non-current assets					
a) Fixed assets					
i) Tangible assets	10	291,482.95		106,520.72	
iii) Capital work-in-progress	11	15,052.28		196,368.44	
b) Long-term loans and advances	12	<u>8,299.28</u>		<u>8,286.14</u>	
c) Other non-current assets			314,834.51		311,175.30
2) Current assets					
a) Current investments					
b) Inventories	13	22,046.19		31,471.87	
c) Trade receivables	14	316.44		55.60	
d) Cash and cash equivalents	15	6,164.03		3,104.52	
e) Short-term loans and advances	16	3,445.17		4,076.58	
f) Other current assets	17	<u>2,402.66</u>	34,374.49	<u>99.88</u>	38,808.45
TOTAL			<u>349,209.00</u>		<u>349,983.75</u>

Significant Accounting Policies

Notes on Financial Statements

26 to 28

In terms of our report of even date

For Singh Ray Mishra & Co.

Chartered Accountants

FRN-318121E

Sd/-

(CA J.K. Mishra)

Partner

M.No-052796

For and on behalf of Board of Directors

Sd/-

D.P. Parija

Company Secretary

Sd/-

Pravakar Mohanty

Director (Finance)

Sd/-

M.G. Gupta

Director

Sd/-

G.S. Gill

Managing Director

Place : Bhubaneswar

Date : 20.05.2016

Statement of Profit and Loss for the year ended 31st. March, 2016

(₹ in lakh)

Particulars	Note No.	For the year ended 31st. March, 2016		For the year ended 31st March, 2015	
Revenue from operations	18	119,025.71		131,564.36	
Less: Excise duty		<u>10,469.87</u>		<u>7,169.73</u>	
		108,555.84		124,394.63	
Other income	19	<u>492.35</u>		<u>387.32</u>	
Total Revenue			<u>109,048.19</u>		<u>124,781.95</u>
Expenses:					
Cost of materials consumed	20	75,153.98		93,745.33	
Changes in inventories of finished goods and work-in -progress	21	5,797.69		442.41	
Employee benefits expense	22	11,451.17		12,088.06	
Finance costs	23	23,458.47		17,282.58	
Depreciation and amortization expense	24	10,496.70		10,088.53	
Other expenses	25	<u>16,143.01</u>		<u>14,492.65</u>	
Total expenses			<u>142,501.02</u>		<u>148,139.56</u>
Profit before Tax and Exceptional Items			(33,452.83)		(23,357.61)
Less: Exceptional Items			-		-
Profit / (Loss) before tax			(33,452.83)		(23,357.61)
Tax Expenses					
Deferred Tax			-		(90.54)
Profit / (Loss) for the period			(33,452.83)		(23,267.07)
Earnings per equity share of face value of ₹10 each (Refer to note 27.1.4)					
(Basic in Rupees)			(5.75)		(4.00)
(Diluted in Rupees)			(5.55)		(3.86)

Significant Accounting Policies
Notes on Financial Statements

26 to 28

In terms of our report of even date

For Singh Ray Mishra & Co.Chartered Accountants
FRN-318121ESd/-
(CA J.K. Mishra)Partner
M.No-052796**For and on behalf of Board of Directors**Sd/-
D.P. Parija
Company SecretarySd/-
Pravakar Mohanty
Director (Finance)Sd/-
M.G. Gupta
DirectorSd/-
G.S. Gill
Managing DirectorPlace : Bhubaneswar
Date : 20.05.2016

Cash Flow Statement

(₹ in lakh)

	For the year ended 31st. March, 2016		For the year ended 31st March, 2015	
A. Cash Flow from Operating Activities :				
Net loss as per the Statement of Profit & Loss	(33,452.83)		(23,267.07)	
Add Deferred tax	-		(90.54)	
Add Depreciation (After adjustment)	10,496.70		10,088.53	
Add Financing Costs	23,458.47		17,282.58	
Operating Cash Flow before changes in working capital		502.34		4,013.50
Changes in Working Capital :				
Increase (-) / Decrease (+) in Inventory	9,425.68		9,717.36	
Increase (-) / Decrease (+) in Sundry Debtors	(260.84)		397.61	
Increase (-) / Decrease (+) in Loans & Advances	(1,684.51)		2,597.82	
Increase (+) / Decrease (-) in Current Liabilities	(14,925.98)		20,645.53	
Increase (+) / Decrease (-) in Provisions	(225.19)	(7,670.84)	2,353.61	35,711.93
Net Cash from Operating Activities		(7,168.50)		39,725.43
B. Cash Flow from Investing Activities :				
Purchase / Capitalisation of Fixed Assets		(194,437.34)		(1,669.11)
Reduction in / Addition to Capital Work in Progress		181,316.16		(15,001.34)
Net Cash from Investing Activities		(13,121.18)		(16,670.45)
C. Cash Flow from Financing Activities :				
Equity (including security premium)		-		-
Short-term borrowings		(5,505.62)		(2,106.58)
Borrowings (other than short-term borrowings)		52,313.28		(11,201.33)
Financing Costs paid		(23,458.47)		(17,282.58)
Net Cash from Financing Activities		23,349.19		(30,590.49)
Net Increase / (-) Decrease in Cash & Cash Equivalent (A+B+C)		3,059.51		(7,535.51)
Cash & Cash Equivalents (Opening)		3,104.52		10,640.03
Cash & Cash Equivalents (Closing) (Refer note 15)		6,164.03		3,104.52
(Represented by Cash & Bank balances)				

Notes : 1) The above Cash Flow Statement has been prepared under the indirect method set out in AS - 3 issued under the Companies (Accounting Standard) Rules, 2006.

2) Figures in negative indicate cash outflow.

3) Significant accounting policies & other notes on financial statements form an integral part of the Cash Flow Statement.

In terms of our report of even date

For Singh Ray Mishra & Co.

Chartered Accountants
FRN-318121E

Sd/-
(CA J.K. Mishra)
Partner
M.No-052796

For and on behalf of Board of Directors

Sd/-
D.P. Parija
Company Secretary

Sd/-
Pravakar Mohanty
Director (Finance)

Sd/-
M.G. Gupta
Director

Sd/-
G.S. Gill
Managing Director

Place : Bhubaneswar
Date : 20.05.2016

Significant Accounting Policies

A Basis of accounting

- A.1 The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the provisions of the Companies Act, 2013, including accounting standards as applicable notified there under.

B Use of estimates

- B.1 In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the same is determined.

C Fixed assets

- C.1 Fixed assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, taxes, allocated incidental expenditure during construction and net of CENVAT credit wherever applicable.
- C.2 All identifiable capital expenditure not yet capitalised including works / capital stores / materials received, inspected, accepted and certified on the basis of bills, advances paid to suppliers / contractors for capital works are shown as Capital Work in Progress. Unallocated preoperative expenses are kept under Expenditure During Construction (EDC) for allocation to Fixed Assets and are also grouped under Capital Work In Progress.
- C.3 Stock of construction materials has been valued at cost on weighted average basis. Stocks of scrap of construction materials are valued at net realizable value.
- C.4 Cost includes all identifiable expenditure including trial run expenses, net of revenue.
- C.5 Expenses on development of land including leasehold land are capitalized as part of land cost.

D Depreciation

- D.1 Depreciation is provided on straight line method, considering residual value of 5% of the cost of the asset, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. However, where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortized depreciable amount is provided for over the residual useful life of the asset on pro-rata basis.
- D.2 Depreciation on addition / deletion of assets during the year is provided on pro-rata basis.

Significant Accounting Policies

- D.3 Assets laid on land not belonging to the company are depreciated over a period of five years.
- D.4 Cost of leasehold land including development expenses thereon is amortised on straight line method over the remaining period of lease.
- D.5 Classification of plant and machinery into continuous and non-continuous process plant is made on the basis of technical opinion and depreciation has been provided for accordingly.
- D.6 Assets valuing upto ₹5,000 are depreciated @100% in the year of acquisition / purchase.
- D.7 Even though during the year(s), plants like blast furnace, sinter plant etc. have been used in more than single shift, no extra shift depreciation (NESD) has been considered as these assets have longer useful life.
- D.8 The useful life of an asset as specified in Part "C" of Schedule- II of Companies Act, 2013 is for whole of the asset and where cost of a part the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part has been determined separately and for the purpose significant value has been considered as ₹50.00 Lakh.

E Borrowing cost

- E.1 Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of cost of such assets in accordance with Accounting Standard-16 issued under the Companies (Accounting Standard) Rules' 2006.
- E.2 Borrowing costs that are not directly attributable to the acquisition, construction and production of qualifying assets but eligible for capitalization are determined by applying a capitalization rate based on the weighted average rate of the borrowing costs in accordance with Accounting Standard-16.
- E.3 All other borrowing costs are recognized as expense in the period in which these have been incurred.

F Inventories

- F.1 Finished / Semi Finished goods:
Semi/Finished products are valued at lower of cost & net realizable value except Liquid Argon, Liquid Oxygen, Iron Scrap, Slag, Nut Coke, Coal Tar and Ammonium Sulphate which are valued at net realizable value. Mixed coke is valued at 55% of the works cost of main product i.e., BF Coke in absence of net realizable value. Similarly, billet scrap & SMS scrap are valued at 75% of the rate at which billet is valued. The basis of determining cost is material cost plus appropriate share of labour related overheads & duties.

Significant Accounting Policies

- F.2 Raw materials:
Raw materials are valued at lower of periodical weighted average cost net of CENVAT credit wherever applicable and net realizable value.
- F.3 Process Rejects:
Process rejects are valued at net realizable value.
- F.4 Stores & spares:
Stores & spares are valued at lower of moving weighted average cost net of cenvat credit wherever applicable and net realizable value.
- F.5 In case of identified obsolete / surplus / non-moving items, necessary provision is made and charged to revenue.

G Employees' Benefits

- G.1 Contribution to Provident Fund is recognized on the basis of actual liability. The provisions / liability towards gratuity, accrued leave, post-retirement settlement benefits and future payments to the disabled employees / legal heirs of deceased employees under Employees' Family Benefit Scheme are made based on the actuarial valuation as at the end of the year and charged to the statement of profit and loss along with actuarial gain / losses.

H Foreign currency transactions

- H.1 Transactions for both capital and revenue during the year in foreign currencies are being recognised at the rate prevalent in force on the date of settlement of transactions.
- H.2 All foreign currency liabilities other than those relating to fixed assets as on the date of balance sheet are converted at the yearend exchange rates and loss or gain thereon, is charged to statement of profit & loss.
- H.3 In respect of transactions covered by forward exchange contracts entered into to hedge foreign currency risks, the difference between the contract rate and spot rate on the date of the transaction is recognized in the statement of profit and loss over the period of the contract.
- H.4 Exchange differences in respect of liabilities relating to fixed assets are adjusted in the carrying amount of such assets.

I Recognition of revenue

- I.1 Sales include excise duty and are net of trade discount / rebates / price concessions.
- I.2 Sales in the domestic market are recognized at the time of despatch of materials to the buyer including cases where delivery documents are endorsed in favour of the buyer. Where

Significant Accounting Policies

the contract prices are not finalized with Government agencies, sales are accounted for on provisional basis.

- I.3 Export sales are recognized on ex-plant basis at the time of despatch of goods for the purpose of export with proper documents.
- I.4 Export incentives under various schemes are recognized as income on certainty of realisation.
- I.5 Claims are accounted for on certainty of their realization.
- I.6 Interest receivables are accounted for on certainty of realization.

J Claims for liquidated damages / escalation

- J.1 Claims for liquidated damages are accounted for as and when these are deducted and / or considered recoverable by the company. These are adjusted to capital cost or recognized in statement of profit and loss, as the case may be, on its final settlement.
- J.2 Suppliers'/contractors' claims for price escalation are accounted for to the extent such claims are accepted by the company.

K Accounting for taxes on income

- K.1 The deferred tax on timing differences between book profit and taxable profit for the year is accounted for applying the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

L Provisions

- L.1 Provisions are recognized when the company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

M Bond redemption reserve

Bond Redemption Reserve for redemption of Non-convertible Bonds is created out of the profits, if any, every year until the date of redemption of first installment.

N Adjustment pertaining to earlier years and prepaid expenses

Income / expenditure relating to prior period expenses, which do not exceed ₹5.00 Lakhs in each case, are treated as Income / expenditure of the Current Year.

Notes on financial statements for the year ended 31st March, 2016

1. Share Capital

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Authorised :		
90,00,00,000 (previous year 90,00,00,000) Equity Shares of ₹10/- each	90,000.00	90,000.00
10,00,00,000 (previous year 10,00,00,000) 0.01% Convertible Preference Shares of ₹10/- each	10,000.00	10,000.00
Issued :		
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	58,822.01	58,822.01
2,13,57,172 (previous year 2,13,57,172) 0.01% Convertible Preference Shares of ₹10/- each	2,135.72	2,135.72
Total	60,957.73	60,957.73
Subscribed:		
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	58,822.01	58,822.01
2,13,57,172 (previous year 2,13,57,172) 0.01% Convertible Preference Shares of ₹10/- each	2,135.72	2,135.72
Total	60,957.73	60,957.73
Paid up :		
57,43,68,143 (previous year 57,43,68,143) Equity Shares of ₹10/- each	57,436.81	57,436.81
1,38,52,000 (previous year 1,38,52,000) Equity Shares of ₹10 each are allotted as partly paid-up of ₹5/-	692.60	692.60
2,13,57,172 (previous year 2,13,57,172) 0.01% Convertible Preference Shares of ₹10/- each	2,135.72	2,135.72
Total	60,265.13	60,265.13

- 1.1 Preference shares of ₹10 each are redeemable in 12 equal installments commencing from 01.04.2018 and ending on 01.03.2019.
- 1.2 Preference shares have the right to convert into equity in the ratio of 1 : 1 or else to be redeemed at par.
- 1.3 Preference shareholders shall have no right to vote on any resolution except resolution directly affecting their rights.
- 1.4 All the equity shares rank equally with regard to the repayment of capital in the event of liquidation of the company.
- 1.5 The company has neither issued bonus shares nor bought back any shares during the last five years.
- 1.6 The company does not have a holding company.
- 1.7 The details of the share holders holding more than 5% shares :

Notes on financial statements for the year ended 31st March, 2016

Name of the shareholders	As at 31st. March, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of ₹10/- each				
MMTC Ltd.	289,342,744	49.78	289,342,744	49.78
Industrial Promotion & Investment Corporation of Orissa Ltd.	88,868,389	15.29	88,868,389	15.29
NMDC Ltd.	74,799,878	12.87	74,799,878	12.87
The Odisha Mining Corporation Ltd.	71,598,530	12.32	71,598,530	12.32
0.01% Convertible Preference Shares of ₹10/- each redeemable in 12 equal installments				
State Bank of India	6,219,864	29.12	6,219,864	29.12
Vijaya Bank	1,264,244	5.92	1,264,244	5.92
Indian Overseas Bank	2,709,441	12.69	2,709,441	12.69
Bank of Baroda	3,869,304	18.12	3,869,304	18.12
The Jammu & Kashmir Bank Ltd.	2,430,814	11.38	2,430,814	11.38
Bank of India	3,385,776	15.85	3,385,776	15.85

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

	For the year ended 31st. March, 2016	For the year ended 31st. March, 2015
Equity shares:		
<u>Issued :</u>		
Equity Shares at the beginning of the year	588,220,143	588,220,143
Equity Shares at the end of the year	588,220,143	588,220,143
<u>Subscribed :</u>		
Equity Shares at the beginning of the year	588,220,143	588,220,143
Equity Shares at the end of the year	588,220,143	588,220,143
<u>Paid up & partly paid up :</u>		
Equity Shares at the beginning of the year (fully paid up)	574,368,143	574,368,143
Equity Shares at the beginning of the year (partly paid up)	13,852,000	13,852,000
Equity Shares at the end of the year	574,368,143	574,368,143
Equity Shares at the end of the year (partly paid up)	13,852,000	13,852,000
0.01% Convertible preference shares -		
<u>Issued, subscribed and paid up :</u>		
0.01% Convertible Preference Shares at the beginning of the year	21,357,172	21,357,172
0.01% Convertible Preference Shares at the end of the year	21,357,172	21,357,172

Notes on financial statements for the year ended 31st March, 2016

2. Reserves and Surplus

(₹ in lakh)

	As at 31st March, 2016	As at 31st March, 2015
Securities Premium Account		
As per last Balance Sheet	18,150.00	18,150.00
Sub-total	18,150.00	18,150.00
Bond Redemption Reserve		
As per last Balance Sheet	1,666.67	1,666.67
Sub-total	1,666.67	1,666.67
Statement of Profit & Loss		
As per last Balance Sheet	(27,328.87)	(2,950.52)
Add / Less : Adjustment of Depreciation	1,021.59	(1,111.28)
	(26,307.28)	(4,061.80)
Add: Profit / (Loss) for the year	(33,452.83)	(23,267.07)
Sub-total	(59,760.11)	(27,328.87)
Total	(39,943.44)	(7,512.20)

3. Long-term borrowings

(₹ in lakh)

Secured Loans			As at 31st March, 2016	As at 31st March, 2015
<u>Bonds/debentures</u>	Rate of Interest	Date of redemption		
11.90% Bond	11.90% p.a.	27.03.2021	20,000.00	20,000.00
10.45% Bond	10.45% p.a.	19.02.2018	20,000.00	20,000.00
<u>Term Loans</u>				
from banks			108,382.89	83,042.26
from other parties			27,009.69	37.04
			175,392.58	123,079.30
Unsecured Loans				
Zero Rated Unsecured Instruments from bank			459.48	459.48
Total			459.48	459.48
			175,852.06	123,538.78

Notes on financial statements for the year ended 31st March, 2016

- 3.1 Each bond is having face value of ₹10 lakh. Bonds carrying rate of interest of 10.45% p.a. are redeemable in 4 equal annual installments commencing from 19.02.2018 without put and call option and Bonds carrying rate of interest of 11.90% p.a. issued on 27.03.2014 are redeemable in 4 equal annual installments commencing from 27.03.2021 without put and call option. 10.45% bonds and 11.90% bonds are secured by registered mortgage on 1463.30 sq. mtrs. of land situated in the state of Gujarat and also secured by charge on the entire immovable property and plant & machinery attached to the earth or permanently fastened to anything attached to the earth of the company with Indian Bank as Trustee for 10.45% Bond Holders and SBI Caps Trustee Company Ltd. as trustee for 11.90% Bond Holders ranking pari pasu with other parties and banks.
- 3.2 Bonds & loans amounting to ₹1,166.70 lakh are guaranteed by corporate guarantee of MMTC Ltd.
- 3.3 The term loan from banks for phase I project amounting to ₹35,500.81 lakh are secured by pari pasu first charge on the fixed assets of the company both present and future and second charge on current assets of the company present and future. The term loan from banks for phase II project amounting to ₹51,115.06 lakh are secured by pari pasu first charge on the fixed assets of the company both present and future. The short term corporate loan of ₹9,218.7 lakh is secured by pari pasu first charge on fixed assets and pari pasu second charge on current assets. The medium term loan of ₹18,000.00 lakh is secured by second charge on all present and future movable fixed assets and current assets. Corporate Loan of ₹10,000.00 lakh is secured by way of first charge on whole of movable properties.
- 3.4 The company has not paid March'2016 quarter principal installment amounting to ₹382.46 lakh and interest for the month of March'2016 (including interest of Jan'16 & Feb'16 of some banks) amounting to ₹1,615.67 lakh to banks and interest amounting to ₹159.18 lakh to other parties as on 31.03.2016.
- 3.5 Maturity profile and Rate of interest of Non- Convertible Redeemable Debentures are set out below :

(₹ in lakh)

Rate of Interest	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
10.45%	5,000.00	5,000.00	5,000.00	5,000.00	-	-	-
11.90%	-	-	-	5,000.00	5,000.00	5,000.00	5,000.00

- 3.6 Maturity profile and Rate of interest of Term Loans are set out below :

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
15,479.07	21,211.15	20,399.97	15,133.09	10,186.59	12,553.09	15,115.11
2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2,051.09	2,142.09	4,106.02	4,106.02	4,106.02	4,107.02	4,152.02
2030-31	2031-32	2032-33				
5,136.39	5,161.39	5,688.48				

- 3.7 Repayment of Zero Rated Unsecured Instruments will be made in 12 equal monthly installments during 2018-19.
- 3.8 Lenders of term loan amounting to ₹37.04 lakh have not yet exercised their right of conversion to equity/preference shares.

Notes on financial statements for the year ended 31st March, 2016

4. Other long term liabilities

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Retention money on contracts	10,083.44	9,947.12
Security deposit	1,718.71	382.17
Total	11,802.15	10,329.29

5. Long-term provisions

(₹ in lakh)

	Balance as at 31st March, 2015	Additions during the Year	Adjustments during the Year	As at 31st March, 2016
Accrued Leave Liability	2,064.82	382.64	-	2,447.46
Gratuity Liability	822.37	447.77	-	1,270.14
Post Retirement Settlement Expenses Liability	108.88	11.33	-	120.21
Employees' Family Benefit Scheme	408.22	33.40	-	441.62
Total	3,404.29	875.14	-	4,279.43

6. Short term borrowings

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Secured Loans		
Short term loans from banks	-	10,000.00
Working capital borrowings from banks	3,839.26	6,094.47
Total	3,839.26	16,094.47
Unsecured Loans		
From related parties	78,664.43	71,914.84
Grand Total	82,503.69	88,009.31

- 6.1 The Term Loans from Banks and other parties are secured by first pari passu charge on the assets of the company both present & future save & except book debts and are also secured by way of second pari passu charge on all current assets of the company both present & future.

Notes on financial statements for the year ended 31st March, 2016

- 6.2 Working capital borrowings are secured by hypothecation of company's inventories, book debts and other current assets and also secured by extension of mortgage / charge on the entire immovable properties and plant & machinery attached to the earth or permanently fastened to anything attached to the earth of the company on second charge basis.
- 6.3 Short term loan from banks for phase I project amounting to ₹10,000.00 lakh are secured by pari pasu first charge on the fixed assets of the company both present and future and second charge on current assets of the company present and future.
- 6.4 Short term unsecured loan from others amounting to ₹78,664.43 lakh is backed by corporate guarantee of the company.

7. Trade payables

(₹ in lakh)

	As at 31st March, 2016	As at 31st March, 2015
Sundry Creditors - Due to Micro and Small Enterprises	160.63	154.46
Sundry Creditors - Other than Micro and Small Enterprises	27,165.64	19,312.55
Total	27,326.27	19,467.01

- 7.1 The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st. March, 2016 are as under:

(₹ in lakh)

Description	As at 31st March, 2016	As at 31st March, 2015
1) The principal amount remaining unpaid to the suppliers as at the end of accounting year	160.63	154.46
2) The interest due thereon remaining unpaid to the suppliers as at the end of the accounting year	Nil	Nil
3) The amount of interest paid in terms of section 16, alongwith the amount of the payment made to the suppliers beyond the appointed day during the year.	Nil	Nil
4) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
5) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	Nil	Nil
6) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

Notes on financial statements for the year ended 31st March, 2016

8. Other current liabilities

(₹ in lakh)

	As at 31st March, 2016	As at 31st March, 2015
Income received in advance from customer	1,413.44	88.20
Term loan from banks #	15,479.07	41,910.20
Interest accrued and due on loans	1,774.85	1,324.50
Interest accrued but not due on loans	318.12	255.12
Other Payables -		
earnest money deposit	202.25	199.32
for capital works	1,351.13	1,957.58
others	6,052.06	5,114.10
Total	26,590.92	50,849.02

Loans amounting to ₹2184.00 lakh are guaranteed by corporate guarantee of MMTC Ltd.

9. Short-term provisions

(₹ in lakh)

	Balance as at 31st March, 2015	Additions during the Year	Payments / Utilisation / Charged off / Adjustments during the Year	Balance as at 31st March, 2016
Arrear Salary	1,559.15	-	1,164.45	394.70
Accrued Leave Liability	29.86	10.49	-	40.35
Gratuity Liability	35.13	51.89	-	87.02
Post Retirement Settlement Expenses Liability	2.48	0.80	-	3.28
Employees' Family Benefit Scheme	6.50	0.94	-	7.44
Total	1,633.12	64.12	1,164.45	532.79

9.1 Employee Benefits

Gratuity	Payable on separation @ 15 days for each completed year of service or part thereof in excess of six months to eligible employees on death or who have rendered continuous service of 5 years or more subject to a maximum of ₹10 lakh.
Leave Encashment	Payable on separation to eligible employees who have accumulated earned and half pay leave. Encashment of accumulated earned leave is also allowed upto 30 days every year.
Provident Fund	12% of Basic Pay Plus Dearness Allowance, contributed to the Employees' Provident Fund Organisation.
Post Retirement Settlement Benefits	Payable to retiring employees for settlement at their home town.
Employees' Family Benefit Scheme	Monthly payments to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation.

Notes on financial statements for the year ended 31st March, 2016

Other disclosures, as required under Accounting Standard (AS) – 15 (revised) on 'Employee Benefits', in respect of defined benefit obligations are:

- (a) The provision towards gratuity, accrued leave, post retirement settlement scheme are made by actuarial valuation in terms of provisions of AS-15 (Revised).
- (b) Reconciliation of Present Value of Defined Benefit Obligations:

(₹ in lakh)

Sl. No.	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Present value of projected benefit obligations as at 01.04.2015	2,368.00	2,094.68	111.36	414.72
Current Service Cost	301.95	326.44	-	-
Interest Cost	186.62	162.96	8.86	32.68
Actuarial Gains (-) / Losses (+)	146.38	19.17	4.18	13.80
Benefits Paid	70.74	115.44	0.91	12.14
Present value of projected benefit obligations as on 31.03.2016	2,932.21	2,487.81	123.49	449.06

- (c) As against gratuity liability of ₹2,932.21 lakh as at 31.03.2016, the company has plan assets of the fund amounting to ₹1,575.06 lakh as at 31.03.2016. The other defined benefit obligations are unfunded.

- (d) Table showing changes in Fair Value of Plan Assets in respect of Gratuity:

(₹ in lakh)

	As at 31.03.2016
Fair Value of Plan Asset at the beginning of the year	1,510.50
Acquisition Adjustment	
Expected Return on Plan Asset	120.85
Contributions	25.00
Benefits Paid	70.74
Actuarial Gain (+) / Loss (-) on Plan Assets	(10.56)
Fair Value of Plan Asset at the end of the year	1,575.05

- (e) Table showing funded status in respect of Gratuity:

(₹ in lakh)

	As at 31.03.2016
Present Value of Obligation at the end of the year	2,932.21
Fair Value of Plan Asset at the end of the year	1,575.05
Funded Status	(1,357.16)
Net Asset / (Liability) Recognised in Balance Sheet	(1,357.16)

Notes on financial statements for the year ended 31st March, 2016

(f) Expenses recognized in the statement of Profit & Loss Account for the year ended 31.03.2016:

(₹ in lakh)

Particulars	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Service Cost	301.95	326.44	-	-
Interest Cost	186.63	162.96	8.86	32.68
Actuarial Gains(-) / Losses (+)	156.93	19.17	4.18	13.80
Expected return on plan assets	120.85	-	-	-
Expenses recognised	524.66	508.57	13.04	46.48
Less Transferred to project	51.21	63.26	1.66	8.53
Amount charged to				
- Employee benefits expense (Note-23)	473.45	445.31	11.38	37.96

(g) Actuarial assumptions

Description	As at 31.03.2016
Mortality Table	IALM (2006-2008) ULTIMATE
Superannuation Age	60 years
Early Retirement & Disablement	10 per thousand p.a. 6 above age 45 3 between 29 and 45 1 below age 29
Discount Rate	8.00%
Inflation Rate	7.00%
Return on Asset (in case Gratuity Fund)	8.00%
Remaining Working Life	18 yrs.
Formula Used	Projected Unit Credit Method

(h) Table showing Movement in the liability of Gratuity, Leave Encashment and Post Retirement Settlement Benefit recognized in Balance Sheet:

(₹ in lakh)

Particulars	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Opening Net Liability	857.50	-	-	-
Expenses as above	524.66	508.57	13.04	46.48
Contributions	25.00	-	-	-
Closing Net Liability	1,357.16	508.57	13.04	46.48
Closing Fund / Provision at the end of the year	2,932.21	2,487.81	123.49	449.06

Notes on financial statements for the year ended 31st March, 2016

10A. Tangible Assets: (₹ in lakh)

Description	Gross Block (At Cost)		Depreciation		Net Block	
	As at 31st. March, 2015	Additions & Adjustments	As at 31st. March, 2016	For the period	As at 31st. March, 2016	As at 31st. March, 2015
Land (including cost of developments)						
- Freehold Land	17.42	-	17.42	-	-	17.42
- Leasehold Land	4,712.48	-	4,712.48	53.55	562.89	4,149.59
Railway Lines & Sidings	2,954.66	965.75	3,920.41	194.85	2,243.15	1,677.26
Roads, Bridges & Culverts	764.15	995.20	1,759.35	26.24	304.57	1,454.78
Buildings	11,348.30	418.50	11,766.80	363.00	4,209.50	7,557.30
Water Supply	8,891.58	249.58	9,141.16	615.40	6,604.40	2,536.76
Plant & Machinery	173,323.04	185,119.71	358,442.75	8,775.81	95,140.21	263,302.54
Power Supply & Distribution	6,280.62	5,238.36	11,518.98	77.21	3,819.49	7,699.49
Furniture & Fittings	253.29	0.61	253.90	22.21	240.65	13.25
Vehicles	2,280.12	1,058.73	3,338.85	310.88	1,386.61	1,952.24
Compound Wall, Water Supply & Sewerage	984.62	6.46	991.08	35.45	310.43	680.65
Office Equipments	179.08	129.56	308.64	2.07	172.30	136.34
Miscellaneous Equipments	160.68	254.88	415.56	20.03	113.91	301.65
Total	212,150.04	194,437.34	406,587.38	10,496.70	115,108.11	291,479.27
Figures for the previous year	210,480.93	1,669.11	212,150.04	10,088.53	105,633.00	116,047.74

10A.1 Land

The erstwhile KMCL has since been merged with NINL w.e.f. 01.04.2004 as per High Court Order dtd. 05.11.2004. All the properties, rights and powers of erstwhile KMCL are transferred without further act or deed to the company as per the said High Court Order. However, transfer deed for 249.45 acres of land has been submitted to IDCO on 27.02.2009 for execution, which is pending as on 31.03.2016.

10B. Intangible Assets: (₹ in lakh)

Description	Gross Block (At Cost)		Depreciation		Net Block	
	As at 31st. March, 2015	Additions & Adjustments	As at 31st. March, 2016	For the period	Upto at 31st. March, 2016	As at 31st. March, 2015
Computer Software	10.57	-	10.57	-	10.57	-
Total	10.57	-	10.57	-	10.57	-
Figures for the previous year	10.57	-	10.57	-	10.57	-

10C. Fixed Assets retired from active use

(₹ in lakh)

Description	Gross Block (At Cost)		Depreciation		Net Block	
	As at 31st. March, 2015	Additions & Adjustments	As at 31st. March, 2016	For the period	Upto at 31st. March, 2016	As at 31st. March, 2015
Fixed Assets retired from active use	3.68	-	3.68	-	-	3.68
Figures for the previous year	3.68	-	3.68	-	-	3.68
Grand Total (10A + 10B + 10C)	212,164.29	194,437.34	406,601.63	10,496.70	115,118.68	291,482.95
Figures for the previous year	210,495.18	1,669.11	212,164.29	10,088.53	105,643.57	116,051.42

Notes on financial statements for the year ended 31st March, 2016

11. Capital Work-in-Progress

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Construction and Erection work in progress	14,320.16	186,119.33
Expenditure During Construction pending allocation (Note 11.1)	-	8,109.69
Stock of Construction Material	732.12	2,139.42
Total	15,052.28	196,368.44

11.1 Expenditure During Construction (pending allocation)

Opening Balance	8,109.69	5,769.96
Raw Materials Consumed	1,614.57	11,990.24
Stores & Spares Consumed	797.15	1,029.90
Employees' Remuneration & Benefits	1,696.03	2,198.40
Power & Fuel	215.06	774.62
Excise Duty	446.07	1,052.48
Others	19.75	390.60
Total Expenditure	12,898.32	23,206.20
Less Recoveries		
Sale of billets	4,004.07	9,491.96
Sale of Liquid Oxygen	1.99	1.94
Sale of Liquid Argon	-	4.70
Accr. / (Decr.) To Stock of Billets & Billet Scrap	(1,948.71)	5,597.91
Total Recoveries	2,057.35	15,096.51
Net Expenditure	10,840.97	8,109.69
Less Capitalised	10,840.97	-
Balance	-	8,109.69

11.2 Amount spent on development of mines pending execution of lease deed is shown under the broad head of capital work in progress.

11.3 Borrowing cost capitalized during the year amounting to ₹8,435.56 lakh (Previous year ₹12,488.65 lakh).

Notes on financial statements for the year ended 31st March, 2016

12. Long-term loans and advances

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
<u>Capital Advances</u>		
Advance to contractors for capital works #	488.03	611.74
<u>Security Deposit</u>		
Deposit with others	1,245.31	1,243.77
<u>Advances recoverable in cash or in kind or for value to be received</u>		
MAT credit entitlement	4,858.67	4,989.43
<u>Deposits</u>		
Deposit with Govt. Departments	1,707.27	1,441.20
Total	8,299.28	8,286.14

Unsecured, considered good

13. Inventories

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
(As Certified by the Management)		
Stores and Spares	4,490.05	3,970.95
Stores and Spares in Transit	147.69	732.33
Raw Materials	1,103.31	4,290.76
Raw Materials in Transit	4,625.41	2,253.81
Finished Goods	11,175.55	19,662.40
Materials in process	504.18	561.62
Total	22,046.19	31,471.87

14. Trade Receivables

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Over six months	167.42	-
Others	149.02	55.60
Total	316.44	55.60
<u>Particulars of Trade Receivables :</u>		
Unsecured, considered good	316.44	55.60

Notes on financial statements for the year ended 31st March, 2016

15. Cash and Cash equivalents

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
(i) Balances with Banks :		
Current Account	84.46	38.90
Term deposits with maturity upto 3 months	646.97	666.24
Cash balance on hand	0.17	0.47
	<u>731.60</u>	<u>705.61</u>
(ii) Other Bank Balances :		
Term deposits with maturity more than 3 months	5,432.43	2,398.91
Total	<u>6,164.03</u>	<u>3,104.52</u>

15.1 Fixed deposits with banks include -

- deposit of ₹4,517.52 lakh (previous year ₹1,819.09 lakh) with maturity of more than 12 months
- margin money for LC / BG amounting to ₹1,579.39 lakh (previous year ₹1,565.15 lakh) & lien marked deposit with IndusInd Bank amounting to ₹4,500.00 lakh.

16. Short term loans and advances

(₹ in lakh)

	As at 31st. March, 2016	As at 31st. March, 2015
Advances recoverable in cash or in kind or for value to be received :		
Advance to Employees	0.53	6.15
Advance to Suppliers for Stores, Spares & Raw Materials	110.62	221.05
Advance to Others	68.18	103.75
Prepaid Expenses	520.94	238.72
Claims Receivable	1,545.13	2,397.33
Export Incentive Receivable	46.87	-
Income tax paid in advance / recoverable	1,152.90	1,109.58
Total	<u>3,445.17</u>	<u>4,076.58</u>
Particulars of Loans & Advances:-		
Unsecured, considered good	3,445.17	4,076.58
Unsecured, considered doubtful	-	-
Total	<u>3,445.17</u>	<u>4,076.58</u>

Notes on financial statements for the year ended 31st March, 2016

17. Other current assets

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Interest accrued but not due on term deposits	302.66	99.88
Receivable from bank under 5/25 scheme	2,100.00	-
Total	2,402.66	99.88

18. Revenue from operations

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
<u>Sale of Products</u>		
Domestic	95,026.76	66,669.98
Exports	17,650.35	56,530.44
Export Incentives	696.03	824.55
Sub-Total	113,373.14	124,024.97
Other Operating Revenues	5,652.57	7,539.39
Total	119,025.71	131,564.36

19. Other income

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Sale of Misc. Scrap	61.49	83.11
Interest on Term / Other Deposit	400.29	263.43
Miscellaneous Receipts	30.57	40.78
Total	492.35	387.32

Notes on financial statements for the year ended 31st March, 2016

20. Cost of materials consumed

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Iron Ore	21,121.12	29,210.17
Coke Breeze	-	25.82
Coking Coal	50,504.28	61,365.14
Dolomite	1,409.24	1,386.85
Limestone	1,032.16	1,205.44
Sand	35.66	12.65
Quartzite	183.43	125.07
Manganese	0.16	-
Sulphuric Acid	425.00	414.19
Ferro Manganese	28.43	-
Ferro Silicon	94.22	-
Silico Manganese	172.65	-
Aluminium	11.83	-
Others	135.80	-
Total	75,153.98	93,745.33

21. Changes in inventories of finished goods and work-in-progress

(₹ in lakh)

	As at 31st. March, 2016		As at 31st. March, 2015	
Opening Stock				
- Finished Goods	13,216.82		13,505.76	
- Work-in-Progress	<u>561.62</u>	13,778.44	<u>707.32</u>	14,213.08
Add Finished Goods Stock transferred from Phase II		4,253.28		-
Add Finished Goods Stock of Others		122.13		-
Less: Closing Stock				
- Finished Goods	11,175.55		13,216.82	
- Work-in-Progress	<u>504.18</u>	<u>11,679.73</u>	<u>561.62</u>	<u>13,778.44</u>
Changes in inventories of finished goods and work-in-progress		6,474.12		434.64
Add / (Less) Accretion / (Depletion) to Excise Duty Liability on Stock of Finished Goods		(676.43)		7.77
Total		5,797.69		442.41

Notes on financial statements for the year ended 31st March, 2016

22. Employee benefits expense

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Salaries, Wages and Allowances	8,197.91	8,328.97
Leave Encashment	445.29	813.26
Company's Contribution to Provident & Other Funds	879.19	1,101.18
Staff Welfare Expenses	1,455.33	1,325.85
Gratuity	473.45	518.80
Total	11,451.17	12,088.06

23. Finance costs

(₹ in lakh)

	As at 31st. March, 2016	As at 31st. March, 2015
Interest cost		
- Bonds	2,560.07	2,380.02
- Working Capital	623.47	1,413.24
- Term Loan	11,365.60	6,929.41
Other borrowing costs	8,909.33	6,559.91
Total	23,458.47	17,282.58

24. Depreciation and amortization expense

(₹ in lakh)

	As at 31st. March, 2016	As at 31st. March, 2015
Depreciation on tangible assets	10,496.70	10,088.53
Total	10,496.70	10,088.53

Notes on financial statements for the year ended 31st March, 2016

25. Other expenses

(₹ in lakh)

	As at 31st. March, 2016	As at 31st March, 2015
Consumption of stores and spare parts	2,440.98	3,076.64
Power and fuel	2,473.01	2,626.34
Rent	35.55	38.96
Repairs to buildings	68.77	52.95
Repairs to machinery	1,695.84	1,268.35
Insurance	328.46	259.92
Rates and taxes, excluding taxes on income	222.19	113.69
Office & Administrative Expenses	1,317.73	1,310.80
Trade Margin on Sales	2,126.02	1,333.13
Other Selling Expenses	525.91	-
Water Charges	470.11	518.64
Material handling charges & outsourcing expenses	4,417.97	3,744.14
Doubful Debts Written off	-	135.20
Remuneration to auditors#	7.50	6.00
Miscellaneous Expenses	12.97	7.89
Total	16,143.01	14,492.65

Remuneration to auditors -

As Auditor	6.50	5.00
For Taxation Matters	1.00	1.00
Total	7.50	6.00

26. Other notes on financial statements

- 26.1.0 Contingent liabilities Claims against Company not acknowledged as debts ₹35,499.21 lakh (Previous year ₹32,059.53 lakh) Estimated commitment amount of contracts remaining to be executed on Capital Account and not provided for (net of advance) ₹ 13,029.08 lakh (Previous year ₹17,806.62 lakh). Corporate Guarantee given to MMTC Ltd. ₹ 94,500.00 lakh
- 26.1.1 Foreign Currency outgo during the year is ₹ 126.28 lakh (Previous year ₹ 540.33 lakh).
- 26.1.2 The balances shown under secured loans, loans and advances, receivables including sundry debtors, creditors, and capital stores are reconciled as per accounts. The company is in process of obtaining confirmation of balances from the concerned parties and hence these are subject to consequential adjustments, if any.

Notes on financial statements for the year ended 31st March, 2016

27.1.0 General

27.1.1 Segment reporting

27.1.1.1 Business Segment

The manufacturing unit of the Company has been considered as single primary business segment for reporting under Accounting Standard – 17 issued under the Companies (Accounting Standard) Rules' 2006.

27.1.1.2 Geographical Segment

Particulars	Current Year (₹ in lakh)	Previous Year (₹ in lakh)
Sales Revenue		
India	1,01,375.36	75,033.92
Foreign Countries	17,650.35	56,530.44

27.1.2 Impairment of assets

The entire plant has been considered as a Cash Generating Unit. As recoverable amount of Cash Generating Unit, being its value in use is in excess of its carrying amount, there is no impairment loss in terms of the Accounting Standard (AS) – 28 issued under the Companies (Accounting Standard) Rules' 2006.

27.1.3 Related party- As per Accounting Standard – AS 18 – 'Related Party disclosures' issued under the Companies (Accounting Standard) Rules' 2006, details of Related party transactions are as under :

A. Name of the related parties and description of relationship:

Key Management Personnel

- i. Shri G.S. Gill Managing Director (From 05.08.2014)
- ii. Shri Ravindra Ranjan Jt. Managing Director (From 05.09.2014)
- iii. Pravakar Mohanty Director (Finance) (From 18.11.2014)

B. Details of transactions during the year 2015-16 (₹ in lakh)

Particulars		Key Management Personnel	Total
Purchase of goods from MMTC	48,209.98		48,209.98
Sale of goods to MMTC	1,24,691.52		1,24,691.52
Corporate Guarantee to MMTC	94,500.00		94,500.00
Purchase of goods from OMC	16,109.92		16,109.92
Remuneration (Refer Note-27.1.14)		79.36	79.36
Payable to MMTC	92,834.83		92,834.83

27.1.4 Calculation of earnings per share for the year as required by paragraph 48 of AS – 20 issued under the Companies (Accounting Standard) Rules' 2006:

Notes on financial statements for the year ended 31st March, 2016

Type of Share	No. of equity shares	Period of Outstanding (Days)	Amount paid-up per share	Weighted Average No. of Shares
Equity Share	57,43,68,143	365	10.00	57,43,68,143
	1,38,52,000	365	5.00	69,26,000
Total (A)	58,82,20,143			58,12,94,143
Preference Share	2,13,57,172	365	10.00	2,13,57,172
Total (B)	2,13,57,172			2,13,57,172
Profit / (loss) after tax, bond redemption reserve and preference dividend & tax thereon as per Profit & Loss Account (₹/ lakh)- (C)				(33,452.83)
Basic Earnings Per Share (C/A) (₹)				(5.75)
Diluted Earnings Per Share (C/ A+B)				(5.55)

- 27.1.5 Revenue had been recognized to the tune of ₹24.03 crores in the respective year of sale of finished goods to RINL through MMTC. The sale was based on cost of material consumed at a predetermined quantitative ratio with actual cost and a share of profit thereon. However, RINL subsequently disputed the quantitative ratio and not paid the disputed amount. The matter is pending before Permanent Machinery of Arbitration (PMA) of Govt. of India. Pending disposal of the case, provision has not been made in the accounts as RINL is a Govt. Company and realization will depend on the outcome of the case.
- 27.1.6 SMS facilities have been capitalized w.e.f. 01/03/2016.
- 27.1.7 The company is providing employment to the displaced persons against land acquisition in a phased manner as per the rules, instructions and guidelines issued by the Government of Orissa. Remaining number of displaced families to be given employment by the company as on 31.03.2016 is 5.
- 27.1.8 Previous year's figures have been re-arranged / re-grouped / re-cast wherever felt necessary to make the figures comparable with the current year's figures. Figures have been rounded off to the nearest rupees in lakh.
- 27.1.9 Disclosure of sales of finished goods under broad heads:

(value in ₹ /lakhs)

Major Products	Sales	Closing Stock	Opening Stock
Pig Iron	97,136.02	3,357.63	10,340.65
	(102,346.37)	(10,340.65)	(6,919.55)
Granulated Slag	405.46	106.63	163.21
	(781.56)	(163.21)	(261.75)
Scrap	5,652.57	587.40	1,039.66
	(7,539.39)	(1,039.66)	(3,893.33)
BF Coke	8,222.24	11.78	213.17
	(12,726.57)	(213.17)	(1,022.73)

Notes on financial statements for the year ended 31st March, 2016

Major Products	Sales	Closing Stock	Opening Stock
Crude Tar	3,064.24 (5,524.05)	156.60 (34.57)	34.57 (67.80)
Ammonium Sulphate	445.62 (641.66)	35.60 (43.55)	43.55 (57.90)
Others	4,099.56 (2,004.76)	6,919.91 (7,827.59)	7,827.59 (1,430.45)
Total	119,025.71 (131,564.36)	11,175.55 (19,662.40)	19,662.40 (13,653.51)

27.1.10 Expenditure incurred in foreign currency on account of

(₹ in lakh)

	Current Year	Previous Year
Know-how	Nil	Nil
Interest	Nil	Nil
Training expenses & payments to -		
Foreign Technicians	42.63	28.77
Others	Nil	Nil
Total	42.63	28.77

27.1.11 Value of imports during the period :

(₹ in lakh)

(Calculated on CIF basis)	Current Year	Previous Year
Raw Materials	43,998.25	49,743.90
Capital Goods	-	355.12
Total	43,998.25	50,099.02

27.1.12 Value of raw materials consumed during the year

	(₹ in lakhs)	%	(₹ in lakhs)	%
Imported	50,504.28	67.20	61,365.14	65.46
Indigenous	24,649.70	32.80	32,380.19	34.54
Total	75,153.98	100.00	93,745.33	100.00

Notes on financial statements for the year ended 31st March, 2016

27.1.13 Value of stores/spares & components consumed during the year

	(₹ in lakhs)	%	(₹ in lakhs)	%
Imported	83.66	3.43	156.43	5.08
Indigenous	2,357.32	96.57	2,920.21	94.92
Total	2,440.98	100.00	3,076.64	100.00

27.1.14 Particulars of Directors' Remuneration

(₹ in lakh)

	Current Year	Previous Year
Salaries	72.33	72.18
Company's contribution to provident fund & other funds	7.03	5.47
Total	79.36	77.65

In terms of our report of even date

For Singh Ray Mishra & Co.

Chartered Accountants
FRN-318121E

Sd/-
(CA J.K. Mishra)
Partner
M.No-052796

For and on behalf of Board of Directors

Sd/-
D.P. Parija
Company Secretary

Sd/-
Pravakar Mohanty
Director (Finance)

Sd/-
M.G. Gupta
Director

Sd/-
G.S. Gill
Managing Director

Place : Bhubaneswar
Date : 20.05.2016



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