Neelachal Ispat Nigam Ltd.

Annual Report 2016-2017

NINL

NEELACHAL ISPAT NIGAM LIMITED

CONTENTS

BOARD OF DIRECTORS
(as on 24.08.2017)

Shri Ved Prakash, Chairman
Shri S. S. Mohanty, Vice Chairman & MD
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 P. K. Jain
Shri A. Sondhi
Dr. T. R. K. Rao
Shri S. B. Jagdale, Jt. Managing Director
Shri S.V. Shahi, 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,

The Board of Directors hereby present the 35th Annual Report on the business and operations of your company along with the Audited Financial Statements for the Financial Year ended March 31' 2017.

Financial Results

The financial performance of your company for the year ended 31st March, 2017 is summarised below :

(₹ in Crore)

Particulars		Year ended 31st March'2017	Year ended 31st March'2016
a)	Gross Sales / Income	1,288.05	1,190.23
b)	Net Sales / Income	1,191.20	1,085.53
c)	Total Expenditure	1,827.53	1,521.06
d)	Operating Profit (PBIDT)	2.40	15.93
e)	Less : Interest	359.93	243.28
f)	Cash Loss	357.53	227.35
g)	Less : Depreciation	180.99	105.09
h)	Loss Before Tax	538.52	332.44
i)	Provision for Tax		
	Deferred	(-)182.74	0.63
j)	Loss After Tax	355.78	333.07

The company has adopted Indian Accounting Standard (Ind AS) with effect from April 1' 2016 and accordingly the financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed Under Section 133 of the Companies Act, 2013 read with the relevant ruling issued thereunder and the other accounting principles generally accepted in India.

Business

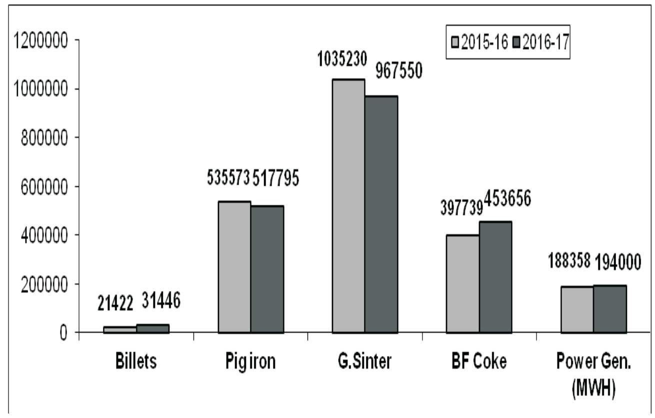
Your company achieved a turnover of ₹1288.05 Cr. during 2016-17 higher by 9.31% over previous year. The company registered a marginal EBIDT of ₹2.41 Cr. as against ₹15.93 Cr. in the previous year. Net loss after tax was ₹ 355.78 Cr. as compared to previous year loss of ₹333.07 Cr. This was primarily due to recession in the economy and steel sector in particular. With stabilization of steel making facility after capital repair of Blast Furnace during the current financial year and operation of mines by end of the year, the performance will improve.

During the year under review, the raw material prices remained volatile especially for coking coal due to supply related issues. However, regulatory measures announced by Govt. of India during the year like anti dumping duty contributed to firm up domestic steel prices to some extent.

The company had borrowed ₹133.25 Cr. from Banks during the financial year 2016-17 for various payments including expenditure towards execution of mining lease. The infusion of equity by the existing shareholders is expected during the current financial year.

Production

Financial year 2016-17 was a challenging year for NINL due to recession in steel sector with lesser sales realization. In spite of sluggish market condition, with collective efforts the Company achieved production of 605301 t of Hot metal 967550 t Gross sinter 453656 t of Gross coke and generation of 194000 MWH power. The pig iron production was 535573 t during the year. The Liquid steel production during the year was 37286 t and Billets 31446t. It has made 2 new monthly records in despatch front. There has been growth over last year in production fronts (Power Generation, Liquid Steel and Billet production) , in despatch fronts (Billet, G.Slag, Nut Coke and Coal tar) and 4 Nos in other fronts. Also there have been improvements in techno-economic (12 Nos in various units) over last year. Highest receipt of Iron Ore Fines from OMC Daitari in a year 875310 ton since inception, previous best was 790075 ton in 2015-16 helped company to improve bottom line. The pig iron and BF coke production was regulated in view of low uptake and less realization due to sluggish market conditions. For BF coke, inventory was controlled by way of producing to meet in-house consumption in blast furnace and for available sale orders resulting in lesser production over last financial year. The wide fluctuation in international coal prices was also a dominating factor for coke production. In view of market condition and condition of Blast Furnace, a strategic decision was taken to curtail billet production.

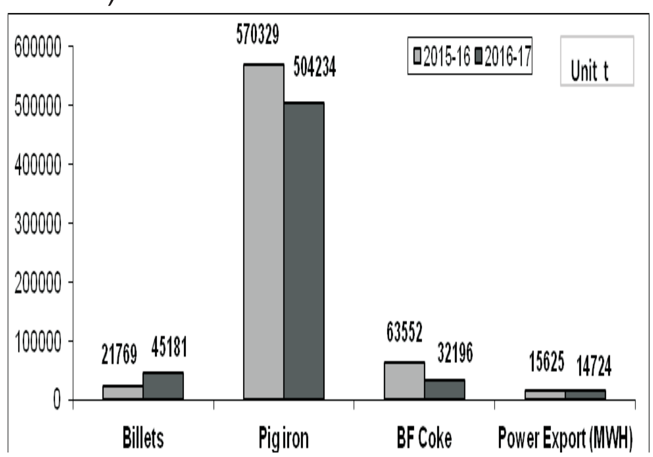


Marketing :

The company has achieved despatch of Billets of 45181 t & Pig iron of 504234 t during this year. Apart from it, your company has despatched BF coke of 32196 t, 197897 t of G.slag, 30428 t of scrap, 10280 t of Nut coke, 18763 t of crude tar & 5168 t of Amm. sulphate during this year. Also 14724 MWH of power was exported to GRIDCO.

Best March monthly Pig-Iron despatch of 91922 t achieved in Mar'17, Previous March monthly best was 86491 t during Mar' 10.

Pig-Iron despatch during Mar'17 is 3rd monthly best since inception. (1st best was 111562 t during Jan'11 & 2nd best was 101290 t during Jan' 10).



Project

During the financial year 2016-17, the following balance facilities were taken up for completion of balance project jobs of SMS :

- All balance work of Lime & Dolo Plant have been restarted from Jan.' 2017 at the risk & cost of M/s Terruzi. Erection and Testing of utility pipelines are already completed. Immediate action has already been taken for issue of purchase orders on existing vendors for receiving the balance supply equipment / items. Issue of purchase order are almost completed and receiving the materials at site has already started. All balance mechanical & electrical erection work are in full swing of execution and expected to be completed by Sept.' 2017. The lime plant is planned to be commissioned in line with BF capital repair work.
- Updated designed battery back up system in 2 Nos. billet despatch cranes at SMS have been commissioned successfully which will cater safe handling of billets in SMS despatch bays during power failure period.
- Following modification / rectification jobs have been attended for operational requirements in SMS :
  - LT rail end stopper modification done to avoid collision of crane with stricture at LM bay.
  - In 15 + 15 T capacity Scrap crane, new DSL guard fabrication, erection done and CRD sprocket arrangement modified.
  - In 25 T Billet handling crane, lifting beam & pulley guide fabrication done at LM bay to avoid regular breakdown.
  - DSL arrangement in AB bay has been shifted from column row 'A' to 'B' to avoid regular burnout of DSL power supply cables.
  - In 180 + 50/10 T liquid steel handling cranes, operator cabin bottom glass with wire mesh provided for better visibility to operator during operation in both cranes at JB bay.
- Contract closing proceedings in different packages of SMS is being taken up jointly with consultant MECON.
- Shifting of Exchange Yard Gate Complex to 70 M away from existing gate. In this new MS Gate, Security cabin room & boundary wall extension have been done.
- All balance jobs of Pond No. 4 at Coke Oven area are completed and the same is put into operation for storing BOD effluents.

Mining

The mining lease over 874.290 hectares granted in favour of NINL by Govt. of Odisha in the District of Sundargarh & Keonjhar was executed by District Collectors on 11.01.17 for 50 years as per MMDR Amendment Act 2015 on obtaining approval u/s 2(iii) of FC Act 1980 after compliance of all formalities e.g. payment of NPV, signing of MDPA & submission of financial assurance, payment of stamp duty & registration fees etc.

The grant of Stage-I Forest Clearance u/s 2(ii) of FC Act' 1980 is expected by Sept.'17. Subsequently the stipulations in stage-I FC will be complied to obtain Stage-II FC expected by Nov'17.

EAC has already recommended for grant of Environment Clearance in favour of NINL Mines. Grant letter is likely to be issued after grant of Stage-I Forest Clearance from MoEFCC.

Commencement of mining operation along with development of infrastructures is expected by April 2018.

Outlook for Steel Industry

As per the World Steel Association (WSA), global steel demand is expected to grow at 1.3% in 2017 to 1.54 billion tonnes and a further 0.9% in 2018 to 1.55 billion tonnes. Recovery in developed economies and accelerating growth in emerging and developing markets especially Russia, Brazil and India is expected to aid demand growth and keep inventory levels low, which in turn is expected to support global steel prices.

China's steel demand, which accounts for 45% of global steel demand is expected to be flat this year at 681 million tonnes while falling by 2% to 667 million tonnes in 2018. However, as per WSA, steel demand in emerging and developing economies excluding China is expected to grow at 4 – 5 % per annum in next two years to 475 million tonnes. In addition, advanced economies are expected to grow at 1% for the next two years. Proactive policy measures by the Government are expected to address most of these concerns. As per WSA, steel demand in India is expected to grow at 6 – 7 % per annum in next two years compare to 4% in 2016.

Dividend

In view of the loss, your Directors did not recommend any dividend to its shareholders for the financial year ended 31st March, 2017.

Transfer to Reserve

In view of the loss, your Directors did 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 covered in the notes to the financial statements.

Related Party Transactions

The Audit Committee granted omnibus approval for transactions undertaken during 2016-17. The approval of the Board of Directors and Shareholders for such Related Party Transactions was taken. Suitable disclosures as required under AS – 24 have been made in Note No. 33(f) of the Notes to the financial statements. The Board of Directors has approved a policy on Related Party Transactions. None of the Directors or Key Managerial Personnel has any pecuniary relationship or transactions vis-à-vis the company during the year. Details of the transactions are provided in Form AOC – 2, which is attached herewith as “Annexure – I”.

Subsidiary, Joint Venture or Associate Companies

The company does not have any subsidiary, joint venture or an associate company. However, the company has entered into a Memorandum of Understanding with NALCO on 30.01.2017 to form a Joint Venture company for establishment of Coal Tar Distillation Plant of suitable capacity in JV mode based on the Coal Tar generated in NINL's Coke Oven Plant subject to techno-economic feasibility and necessary approvals as may be required.

Risk Management

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risks faced by the company. The company is in the process of finalizing the risk management policy for adoption.

Internal financial control system

The company has in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017.

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 Board has approved the Vigil Mechanism Policy of the Company.

Techno-Economics and Energy Conservation

Your company took many measures to improve upon techno-economics of the plant. Some improved measures over last financial year are listed below;

Coke Oven:

- Gross Coke yield improved to 76.02% from 75.85%.
- Nut coke yield improved to 4.21% from 3.74%
- Coal tar yield improved to 3.04 % / t DC from 3.01 %/ t DC
- First time Pet coke use in Coal blend started from Jan'17and 925t Pet coke used (savings Rs 22.59 lakhs)

Blast Furnace:

- Sp. Heat consumption reduced to 442 Mcal/ t HM from 486 Mcal/t HM
- Sp. Power consumption reduced to 37.25 mwh/ t HM from 38.09 mwh/t HM
- BF gas flaring reduced to 3.6% from 7.5%

Power Plant:

- Sp. Heat consumption reduced to 793 Mcal/ t Steam from 812 Mcal/t Steam

SMS:

- Converter yield improved to 85.9 % from 82.2%
- Caster yield improved to 95.9 % from 84.9%

Others:

- Rake movement total increased to 602 no's from 563 no's
- Rake movement out ward total increased to 163 no's from 119 no's
- Wagon tippling of CO increased to 10357 no's from 10089 no's
- First time power sale to GRIDCO through open access started on 09.02.17 and 2442 MWH sold (₹ 47.6 lakhs).

- Demurrage of Rakes reduced to ₹ 15.80 lakhs in 2016-17 from ₹ 43.47 lakhs.
- NINL has commenced sale of surplus power under open access through PTC India Ltd.

Human Resource Management & Industrial Relations

HR Initiatives

- During the year 2016-17, 04 Executives and 09 Non-Executives were inducted. 454 Non-Executives and 89 Executives were promoted to the next level.
- A mass communication exercise "N - SMART" has been initiated in NINL. In the programme interaction between employees and top management being taken place in the presence of other senior officials. The main aim of N-SMART is to improve the plant performance by positive attitude, discipline, feeling of ownership and innovative ideas for cost saving at every level of work. As on 31.03.2017, 10 Nos of N-SMART programmes have been conducted wherein 379 employees participated in the programme and 25 valuable suggestions received from them.
- Srujani (Employee Suggestion Scheme) has been started in NINL to encourage and recognize employees creativity to improve service, quality and systems.
- The company's overall industrial relations scenario was by and large peaceful.

DP (Displaced Persons) centric initiatives

- Project level R & R committee meetings are held at the ADM's office at regular intervals under the Chairmanship of the Collector, Jajpur, Odisha for settling R&R issues.
- 7th Rehabilitation and Periphery Development Advisory Committee (RPDAC) meeting on 29.09.2016 was attended. Issues related to R&R were discussed and accordingly action has been taken.
- Out of the 40 cases, 09 cases of Malika Sahi, Khurunti have been settled with payment of cash in lieu of employment. Regular maintenance allowance is being paid to 31 displaced of Malika Sahi, Khurunti as per the R&R Policy of Government of Odisha.
- 17 number of cases of Next-of-Kin(NoK) of deceased employees of displaced families have been settled so far.

Training and Development

- During the Financial Year 2016-17, various training programmes were conducted for polishing the technical and behavioural skill of the employees. Also a number of awareness programmes were organised for creating awareness among the employees. Highlighted below are some of the technical, behavioural and awareness programmes that were conducted during the year under review.
- A number of awareness programmes such as training on Cardio Pulmonary Resuscitation First Aid Occupational Health Hazard, programme on environment awareness were conducted throughout the year.
- Behavioural programmes like, Leadership and Team building, workshop on improving the communication and

presentation skills of employees, Lifestyle Management and Behavioural Modification for Clean Green Steel were conducted on regular basis for improving the behavioural skills of employees.

- A number of skill development programmes were also conducted, for example : a series of training on Blast Furnace Capital Repair, Power Plant Technology and Gas Safety in Industry, etc.

Safety

- Zero fatal accident during 2016-2017.
- Non-Reportable accident reduced 21% comparison to 2015 (2015 – 24 nos, 2016 – 19 nos).
- Frequency rate reduced from 2.75 to 2.09 comparisons to previous year
- Received “Ispat Suraksha Puraskar – 2017” for No fatal accident during Calendar year 2016 from JCSSI, Ranchi.
- Received “Ispat Suraksha Puraskar – 2017” for No accident involving contractors workers for the year 2016 from JCSSI, Ranchi.
- Received “Ispat Suraksha Puraskar – 2017” for No fatal accident in plant for different zones for calendar year 2015 & 2016 for 4 different zones.
- National safety day celebrated on 4th March' 2017 with various competitions as safety awareness programme.
- Joint Inspection and Monthly safety meeting conducted at 8 departments for the year 2016-2017.
- Safety training imparted to 743 persons (269 regular employees & 474 contractor workers).
- On the spot safety training imparted to 1976 nos of employees at Project site and other plant site.
- Total no's of 1210 unsafe points observed & 1191 points were liquidated.
- Fire Demonstration and training imparted to 245 persons.
- 02 nos of Mock Drill conducted.
- All statutory authority raised points complied.
- No major fire occurred during the year.

Environment and Pollution Control Activities

Your company is committed for preservation of environment. It has minimized the environmental impact of its operation and product by adopting green technology, sustainable practices and continuous improvement in environmental performance. The manufacturing process and operation is meeting the environmental management standard and have been certified for ISO 14001. NINL also taken various initiatives to minimize carbon foot print, increase the green cover within plant premises and in the peripheral areas. Entire plant and processes are based on principle of Recover Reuse and Recycle of material and energy.

In order to Control pollution from air and water emission, state of the art pollution control equipments in the form of Electrostatic precipitator, Cyclone separator, Dry Fog System, Water Sprinkling system, Multi Stage Scrubber, Effluent Treatment Plant etc have been provided. The byproduct gas BFG and COG are completely reused after scrubbing. The waste water after treatment is completely recycled in the plant process.

Solid Waste generated from the plant process are completely reused and recycled within plant premises or disposed to authorized recyclers. BF slag is sold to cement Plant. The hazardous waste which cannot be reused or recycled are being disposed in Common Storage Treatment and Disposal (CSTDF) Facility designated by State Pollution Control Board. NINL has full-fledged Toxic Waste Management Plan as per Hazardous and other Waste (Management and Transboundary Management) Rules, 2016.

Continuous Environment Monitoring Stations have been provided for real time monitoring of quality of Ambient Air, quality of Air & Water Emission covering the entire plant. The data generated from these stations are being transmitted to the server of statutory authority on real-time basis

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 is listed below:

a) 1st surveillance audit of ISO 9001-2008 & ISO 14001:2004 was successfully completed

Awards and Recognition

a) Received "Ispat Suraksha Puraskar-2017" for No fatal accident during the Calendar years 2016 from JCSSI, Ranchi.

b) Received "Ispat Suraksha Puraskar-2017" for No accident involving contractor's workers for the year 2016 from JCSSI, Ranchi.

c) Received "Ispat Suraksha Puraskar-2017" for No fatal accident in plant for different zones for calendar year 2015 & 2016 for 4 different zones.

Corporate Social Responsibility

As a responsible corporate body, your company has always been committed to discharge its social responsibility in the best possible way. Various initiatives have been taken for the benefit of society and the environment since long. As per the provisions of Section 135(5) of the Companies Act, 2013 read with The Companies (corporate Social Responsibility Policy) Rules, 2014 and CSR Policy of the company, it is required to spend two percent of the average profits of the company for the three immediately preceding financial years. The average profit for the preceding three financial years is negative as the company has incurred losses consecutively in preceding three financial years. Therefore, there was no obligation for the company to spend any amount in CSR activities and for that no separate report on CSR activities has been attached.

However, considering the requirement of Govt. and other statutory authorities, NINL is spending towards different peripheral / welfare activities on case to case basis. During the year the company has spent ₹ 34.54 lakhs towards various peripheral and welfare activities against the allocated budget.

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 hereto as "Annexure - II " 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, 2017, 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, 2017 and of the profit & loss of the company for the financial year ended 31st March, 2017;

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, Shri Sashi Sekhar Mohanty has been appointed as Vice Chairman & Managing Director of the company w.e.f. 05.10.2016 and Shri Sashikant B. Jagdale has been appointed as Joint Managing Director of the Company w.e.f. 04.10.2016.

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 .

Shri G. S. Gill relinquished the charge of Managing Director of the company on 04.08.2016 on completion of his tenure.

Shri Ravindra Ranjan relinquished the charge of Jt. Managing Director I/C of the company on 03.09.2016 on completion of his tenure

Shri Pravakar Mohanty relinquished the charge of Director (Finance) of the company on 24.10.2016.

Shri Ashwani Sondhi, Director (Marketing), MMTC was appointed as Nominee Director in place of Shri Anand Trivedi w.e.f. 02.11.2016.

Shri M. G. Gupta, Ex-Director (Finance), MMTC, Nominee of MMTC ceased to be Director w.e.f. 15.11.2016.

Shri Shesh Vinay Shahi has been appointed as Director (Finance) of the company w.e.f. 21.07.2017.

The Board places on record its deep appreciation for the commendable services and contribution made by Shri Girish S. N., IAS, Shri G. S. Gill, Shri Ravindra Ranjan, Shri Pravakar Mohanty, Shri Anand Trivedi and Shri M. G. Gupta, Directors during their tenure.

Shri P. K. Jain, Director, Shri Sanjeev Chopra, Director and Dr. T. R. K. Rao, 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, Shri S. S. Mohanty, Vice Chairman & Managing Director was designated as CEO and Shri D. P. Parija was Company Secretary.

Number of Meetings of Board and Audit Committee

The Audit Committee was constituted in the year 2000. The committee has adopted a chater for its functioning. The primary object of the Committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting. 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

The company constantly endeavours to follow the Corporate Governance guidelines and best practices sincerely and disclose them transparently. The Board is conscious of its inherent responsibility to disclose timely and accurately information regarding the company's operations, performance and governance matters relating to the company. A report on Corporate Governance is attached to this report as “Annexure – III “.

Statutory Auditors' Report

M/s. Singh Ray Mishra & Co, Chartered Accountants, Bhubaneswar were appointed as auditors of the company for the financial year 2016-17 by the office of the Comptroller and Auditor General of India vide letter No./CA.V/COY/CENTRAL GOVERNMENT, NISPAT(1)/445 Dated 15.07.2016.

The Statutory Auditors' Report on the accounts of the company for the financial year ended 31st March, 2017 is enclosed to the Directors' Report at “Annexure – IV”.

Comments of C & AG

The Comptroller and Auditor General of India (C & AG) vide its letter No. 1497/REPORT/01-56(NINL)/2016-17 dated 25.07.2017 has given “nil” comments on the accounts of the company for the year ended 31st March, 2017 under Section 143(6) (b) of the Companies Act, 2013. A copy of the above letter of C & AG is placed at “Annexure – V”.

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 2016-17 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, the Board appointed M/s. Saroj Ray & Associates, practicing Company Secretaries, Bhubaneswar as Secretarial Auditor to conduct the Secretarial Audit of the company for the financial year 2016-17. The Secretarial Audit Report in Form MR – 3) is enclosed as "Annexure – VI".

Extract of Annual Return

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

Acknowledgement

Your Directors would like to acknowledge and place on record their sincere appreciation of all stakeholders, Department of Commerce, Union Govt., Ministry of Environment, Forests & Climate Change, Union Govt., Department of Steel & Mines, Govt. of Odisha, Department of Forest and Environment, State Pollution Control Board, all Central and State Govt. Agencies, RBI and other Banks, Railways, Customs, Supplies and other business associates for the excellent support and cooperation received from them during the year.

Your Directors wish to acknowledge the continued support and guidances received from MMTC, OMC, NMDC and IPICOL.

For and on behalf of the Board

Sd/-

Place :New Delhi **(Ved Prakash)**

Date : 24.08.2017 Chairman

ANNEXURE - I

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. Value - ₹ 1908.31 Cr.	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. Value - ₹ 199.46 Cr.
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	Special Resolution in this regard were passed by the Shareholders on 29th September, 2016.	

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

ANNEXURE - II

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. Sp. Heat consumption reduced to 442 Mcal/ t HM from 486 Mcal/t HM in Blast Furnace
2. Sp. Power consumption reduced to 37.25 mwh/ t HM from 38.09 mwh/t HM in Blast Furnace
3. BF gas flaring reduced to 3.6% from 7.5%
4. Sp. Heat consumption reduced to 793 Mcal/ t Steam from 812 Mcal/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 ₹ 7.84 Crs is achieved.

Sl.No	Capital investment on energy conservation equipments (₹ / Crs.)	Energy Savings	Financial Savings
1	NA	As mentioned in A. (a) above	₹ 7.84 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 taken place and the reasons thereof. Due to sluggish market condition, the SMS production is curtailed and 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 ₹ 56,157.79 lakhs and expenditure in foreign exchange made by the company during the year was ₹ 460.35 lakhs. During the year, your company exported Pig Iron amounting to ₹ 34,021.09 lakhs through MMTC.

ANNEXURE - III

CORPORATE GOVERNANCE

Your company is committed to follow good Corporate Governance practices proactively. The company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The company believes that good Corporate Governance practices generate goodwill among business partners, customers and investors. The Corporate Governance philosophy has been strengthened with the implementation of code of conduct applicable to the company, its directors and its employees.

1.0 Composition of Board of Directors.

Currently, the Board comprises of twelve members consisting of one Vice Chairman & Managing Director, one Joint Managing Director, three Independent Directors including a Woman Director, Seven Non-executive Directors. The company has a Non-executive Chairman. Subject to the overall superintendence and control of the Board, the day to day management of the company is vested with Shri S. S. Mohanty, Vice Chairman & Managing Director.

1.1 Board Meetings and Attendance.

During the year four meetings of the Board of Directors were held on 18.05.2016, 31.08.2016, 09.12.2016 and 20.03.2017.

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	5	1
2	Shri S. S. Mohanty Vice Chairman & MD DIN 02918061 (05.10.16 to 31.03.17)	Executive	2	2	-	-
3	Shri D. P. Bagchi Director DIN 00061648	Independent	4	4	6	-
4	Ms. Meena Gupta Director DIN 07159004	Independent	4	3	1	-
5	Shri S. D. Kapoor Director DIN 00043634	Independent	4	4	3	-
6	Shri Anand Trivedi Director DIN 01077784 (01.04.16 to 02.11.16)	Non-Executive	2	1	5	-

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		
7	Shri A Sondhi Director DIN 02653076 (02.11.16 to 31.03.17)	Non-Executive	2	2	4	-
8	Shri M. G. Gupta Director DIN 02200405 (01.04.16 to 15.11.16)	Non-Executive	2	2	4	-
9	Shri P. K. Jain Director DIN 06594855	Non-Executive	4	4	3	-
10	Shri R. K. Sharma, IAS Director DIN 02547393	Non-Executive	4	-	5	-
11	Shri S. Chopra, IAS Director DIN 00498938	Non-Executive	4	-	6	-
12	Shri Girish S. N., IAS Director DIN 06979158 (01.04.16 to 18.05.16)	Non-Executive	-	-	9	-
13	Shri R. Vineel Krishna,IAS Director DIN 07477772 (18.05.16 to 31.03.17)	Non-Executive	3	-	11	-
14	Dr. T. R. K. Rao Director DIN 01312449	Non-Executive	4	1	5	-
15	Shri G.S Gill Managing Director DIN 03048219 (01.04.16 to 04.08.16)	Executive	1	1	1	-
16	Shri Ravindra Ranjan Jt. Managing Director DIN 07018323 (01.04.16 to 03.09.16)	Executive	2	2	-	-
17	Shri Pravakar Mohanty Director (Finance) DIN 01756900 (01.04.16 to 24.10.16)	Executive	2	2	-	-
18	Shri S. B. Jagdale Jt. Managing Director DIN 07654999 (04.10.16 to 31.03.17)	Executive	2	2	-	-

2.0 Committees of the Board

2.1 Audit Committee of Directors

As on 31st March, 2017, the Audit Committee comprises of three Non-Executive Independent Directors. 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 18.05.2016, 31.08.2016, 09.12.2016 and 20.03.2017.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, 2017 are detailed below :

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

* Shri M. G. Gupta ceased to be a Director w.e.f. 15.11.2016.

Functional Directors Viz., Vice Chairman & Managing Director, Managing Director, Jt. Managing Director, 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 apprises the Board about the observations, if any, of the Audit Committee during the Board Meeting.

2.2 Corporate Social Responsibility (CSR) Committee of Directors :

As on 31.03.2017, the Corporate Social Responsibility (CSR) Committee of the company comprises of the following members viz., Shri D. P. Bagchi, Independent Director as Chairman, Shri P. K. Jain, Director, Shri S. S. Mohanty, Vice Chairman & Managing Director and Shri S. B. Jagdale, Jt. Managing Director as members.

During the Financial Year 2016-17, one meeting of CSR Committee was held on 18.05.2016. 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 constituted by the Board of Directors to review the status of progress of Phase-II Project, Mines and advise on critical issues, if any, arise during implementation. The Committee comprises of the following members viz., Shri S. D., Kapoor, Non-executive Independent Director as Chairman, Shri D. P. Bagchi, Non-executive Independent Director, Shri P. K. Jain, Non-executive Director, Shri S. S. Mohanty, Vice Chairman & Managing Director and Shri S. B. Jagdale, Jt. Managing Director as members. The Company Secretary continues to be the Secretary of the PIRC. No meeting of PIRC was held during the year.

2.5 Other Board Sub-Committees :

The Board of Directors has 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.

2.6 Trustees to the Bondholders :

i) Indian Bank, Main Branch, G - 41, Connaught Circus, New Delhi - 110 001 – Trustee of Bondholders of NINL Bonds 2021 issued for ₹ 200 Cr. during the year 2009.

ii) SBI CAP Trustee Company Limited, Apeejay House, 6th Floor, West Wing, 3, Denshaw Wachha Road, Churchgate, Mumbai - 400 020 – Trustee of Bondholders of NINL Bonds 2024 issued for ₹ 200 Cr. during the year 2014.

Annexure-IV

SINGH RAY MISHRA & CO.
CHARTERED ACCOUNTANTS
KOLKATA: 2, Chowringhee Road, 3rd Floor, Room No. 1, Kolkata-700 013
Phone: 2220-0568, E-mail: srmkol@yahoo.co.in

Independent Auditor's Report

To

The Members of Neelachal Ispat Nigam Limited

On the basis of Audit queries on Independent Auditor's Report made by Comptroller and Auditor General of India, the revised audit report has been prepared in lieu of the earlier report dated 24th May, 2017 to comply with queries issued by the Comptroller and Auditor General of India.

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of Neelachal Ispat Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, the significant accounting policies, other notes on financial statements and first time adoption of Ind AS.

Management's Responsibility for the Ind AS 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 Ind-AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income) and its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31st March'2016 and the transition date opening balance sheet as at 1st April'2015 included in these Ind-AS financial statements, are based on previously issued statutory financial statements prepared in accordance with Companies (Accounting Standards) Rules,2006 audited by us for the year ended 31st March 2016, our report dated 20th May 2016, and predecessor auditor for the year ended 31st March 2015 whose report dated 18th May 2015, expressed an unmodified opinion on those financial statements, as adjusted for the differences in accounting principles adopted by the company on transition to the Ind-AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the

information and explanations given to us, in the Annexure 2 on the directions issued by the Comptroller and Auditor General of India.

3. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) We are informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs.

(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 3.

(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 Ind AS financial statements - Refer Note 33(a)(i) 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. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in Notification SO 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of account maintained by the Company- Refer Note 33 (i) of the financial statements.

Place :Kolkata
Date : 30.06.2017

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

Sd/-
(CA Saunak Ray)
Partner
Membership No.053815

SINGH RAY MISHRA & CO.

Continuation Sheet

ANNEXURE 1 TO THE AUDITORS' REPORT

Annexure referred to in Independent Auditors' Report of even date to the members of Neelachal Ispat Nigam Limited on the accounts for the year ended 31st March 2017

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) There is a regular programme of physical verification of all fixed assets by which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title/ lease deeds of the immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Companies Act, 2013. In view of above, the clauses 3 (iii)(a),3 (iii)(b) and 3 (iii)(c) of the Order are not applicable.

(iv) According to the information and explanations given to us, there were no transactions during the year to which the provisions of section 185 and 186 were applicable.

(v) In our opinion and according to the information and explanations given to us, during the year, the company has not accepted public deposits and no deposits are outstanding at the year end.

(vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) (a)Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, value added tax, service tax, duty of custom, duty of excise, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2017 for a period of more than six months from the date they became payable.

(b) The disputed statutory dues aggregating to ₹21,719.79 lakh (net of deposits) that have not been deposited on account of matters pending before appropriate authorities, details of which are annexed in **Appendix A** with this report.

(viii) According to the information and explanations given to us, the Company has not paid dues to financial institutions, banks, and Government or debenture holders during the year for ₹4,182.28 lakh towards the principal and ₹3,622.96 lakh towards the interest as on 31.03.2017.

Sl. No.	Name of the bank	Interest(₹)	Principal(₹)	Total(₹)
1	Allahbad Bank	58,232,348	3,805,500	62,037,848
2	Central Bank of India	21,998,529	1,650,000	23,648,529
3	Dena Bank	28,974,925	2,300,000	31,274,925
4	IFCI	20,877,658	12,500,000	33,377,658
5	Indian Bank	45,417,463	-	45,417,463
6	Indusind Bank	52,376,827		52,376,827
7	Orissa Mining Corporation	15,772,324	330,555,556	346,327,880
8	State Bank of Hyderabad	4,325,562	490,500	4,816,062
9	State Bank of India	52,475,310	65,026,000	117,501,310
10	State Bank of Mysore	2,759,288	-	2,759,288
11	Union Bank of India	53,238,803	1,900,000	55,138,803
12	Vijaya Bank	5,846,901		5,846,901
	Grand Total	**362,295,938**	**418,227,556**	**780,523,494**

(viii) According to the information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained. During the year the Company has not raised any amount through initial public offer or further public offer.

(ix) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no material case of frauds by the Company or on the company by its officers or employees has been noticed or reported during the year.

(x) As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.

(xi) The Company is not a Nidhi Company and hence the requirement of Clause 3 (xii) of the order is not applicable.

SINGH RAY MISHRA & CO. *Continuation Sheet*

(xii) In our opinion and according to the information and explanations given to us, all transactions during the year with the related parties were approved by the Audit Committee and are in compliance with sections 177 of the Companies Act, 2013 where applicable and since the said transactions were in the ordinary course of business of the company and were at arm's length basis, the provisions of section 188 are not applicable, and the details have been disclosed in the Ind-AS Financial Statements, as required by the applicable accounting standards;

(xiii) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

(xiv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him

(xv) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place :Kolkata
Date : 30.06.2017

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

Sd/-
(CA Saunak Ray)
Partner
Membership No.053815

SINGH RAY MISHRA & CO. ***Continuation Sheet***

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT

Directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013, indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Neelachal Ispat Nigam Limited for the year 2016-17:

Sl. No	Directions	Action Taken	Impact on Financial Statements
1	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not avaiable?	The Company has clear title/lease deeds for freehold and leasehold respectively except the following : 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, powers of erstwhile KMCL are transferred without further act or deed to the company as per 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 31/03/2017.	Nil.
2	Whether there are any cases of waiver/write off of debts/ loans/interest etc., if yes, the reasons therefore and the amount involved.	Yes. Upon settlement of arbitration before Permanent Machinery of Arbitration (PMA), Govt. of India, the Board of directors vide its meeting dated- 31.08.2016 approved write off ₹13.26 crore receivable from RINL.	₹13.26 crore has been written off and shown as bad debt vide Note no.31 of annual accounts 2016-17.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from Govt. or other authorities.	Not Applicable	Not Applicable

Place :Kolkata
Date : 30.06.2017

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

Sd/-
(CA Saunak Ray)
Partner
Membership No.053815

ANNEXURE 3 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF NEELACHAL ISPAT NIGAM LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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 NigamLimited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind-AS 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. 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, including the Indian Accounting Standards (Ind AS). 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, including the Ind AS and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 March 31, 2017, 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.

Place :Kolkata
Date : 30.06.2017

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

Sd/-
(CA Saunak Ray)
Partner
Membership No.053815

SINGH RAY MISHRA & CO.

Continuation Sheet

APPENDIX- A- DISPUTED STATUTORY DUES

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 Act	1,163.80	1998-99 to 2005-06	Odisha Sales Tax Tribunal
2.	Entry Tax Act.	3,949.99	2008-09 to 2015-16	Joint Commissioner, Sales Tax
		960.33	2000-01 to 2005-06	Odisha Sales Tax Tribunal
3.	CST	21.42	2003-04	Assistant Commissioner, Sales Tax (Appeal)
4.	Central Excise Duty	1.20	2005-06	CESTAT
		14,973.13	2005-06 to 2015-16	Commissioner of Central Excise, Customs & Service Tax
		386.78	2008-09 to 2014-15	CESTAT
5.	Customs Duty	112.37	2000-01	Commissioner of Central Excise, Customs & Service Tax
6.	TDS	150.77	2007-08 to 2015-16	Dy. Commissioner of Income Tax (TDS)
	Total	**21,719.79**		

Annexure-V

गति डाक/गोपनीय

संख्या 1497/रिपोर्ट/01-56(NINL)/2016-17
प्रधान निर्देशक, वाणिज्यक लेखा-परीक्षा
तथा पदेन सदस्य, लेखा-परीक्षा वोर्ड-1 का कार्यालय
1, काउन्सिल हाउस स्ट्रीट
कोलकता - 700 001

**OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-1,
COUNCIL HOUSE STREET,
KOLKATA- 700 001**

सेवा में,

दिनांक/*dated:* 25 Jul 2017

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

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अधीन Neelachal Ispat Nigam Limited, Bhubaneswar के वर्ष 2016-17 के लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत 31 मार्च को समाप्त वर्ष 2016-17 के लिये नीलाचल इस्पात निगम लिमिटेड, भुवनेश्वर (Neelachal Ispat Nigam Limited, Bhubaneswar) के लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ प्रेषित की जाती हैं।

कृप्या इस पत्र का पावती भेजें।

अनु:- यथोपरि।

भवदीय,
Sd/-
(प्रवीर कुमार)
प्रधान निर्देशक, वणिज्यिक लेखापरीक्षा
तथा पदेन सदस्य, लेखापरीक्षा बोर्ड-1
कोलकता

टेलिफोन/Telephone: प्रधान निर्देशक/ Pr. Director: 2248-9674/ निर्देशक/Director: 2248-0379/ उप निर्देशक/ Dy.Director: 2262-2645
वारिष्ठ लेखा परीक्षा अधिकारी/ Sr.Audit Officer: 2248-5379, 2248-5600, 2248-1506, 2248-9503 फैक्स/Fax: (033) 2243-5777
E-mail adress: mabKolkata1@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NEELACHAL ISPAT NIGAM LIMITED, BHUBANESWAR FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of Neelachal Ispat Nigam Limited, Bhubaneswar for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the 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 30.06.2017.

I, on the 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 31 March 2017. 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 the behalf of the
Comptroller & Auditor General of India

Sd/-
(Praveer Kumar)
Prinicipal Director of Commercial Audit
& Ex-officio Member, Audit Board-I
Kolkata

Place : Kolkata

SAROJ RAY & ASSOCIATES
COMPANY SECRETARIES

Annexure-VI

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2016-17

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, 2017. 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, 2017, 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 for the financial year ended on 31st March, 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (the Act) and Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) 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;

(v) The following Agreement, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

N-6/215, Ground Floor, IRC Village, Bhubaneswar-751015, Odisha, India
Phone: (0674) 2360840, 2360841, 2360842, Fax: (0674) 2360845
Visti us: www.sracs.com, E-mail: info@sracs.com, sraconsultants@gmail.com

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period)

c. 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) We further report that having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the company has complied with the following laws applicable specifically to the company :

1. Legal Metrology Act, 2009
2. The Water (Prevention & Control of Pollution Act), 1974 and rules made there under.
3. The Hazardous Wastes (Management and Handling) Rules, 1989.
4. 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 observation:

During the year under review, few Directors of the Company, have not attended any meeting of the Board of Directors. However, the Company requests every Director of the Company to 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. The Company has also to hold separate meeting of the Independent Directors as required under Section 149 (8) read with Clause VII of schedule IV to 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, 2013 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.

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 incurring losses consecutively for last three years. However, considering the requirement of Govt. and other statutory authorities, NINL is spending towards peripheral / welfare activities on case to case basis.

Bond Issue:

During the financial year, the Company had not issued any bonds. However, the Company had issued total 4,000 number of bonds of face value of Rs. 10,00,000/- each during 2008-09 and 2013-14.

The Company has paid the half-yearly interest on the NINL Bonds 2021 and NINL Bonds 2024 @ of 10.45% and 11.90% respectively on the due date to all its bond holders.

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.

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 to discharge the principal amount at all times for the bonds issued.

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 Rs. 2,500 crores to Rs. 3,500 crores.
2. The Company had executed an additional Corporate Guarantee of Rs. 145 crores in favour of MMTC Ltd. on the same lines as the Company had earlier issued Corporate Guarantee of Rs. 500 crores, Rs. 150 crores and Rs. 150 crores to secure their trade finance / working capital assistance up to an extent of Rs. 800 crores.
3. There has been no change in the capital structure of the Company during the period under review. However, the Board of Directors in its 154th Board Meeting held on 20.03.2017 had discussed and advised to make efforts for the early infusion of equity amounting to Rs. 300 crores from the existing shareholders of the Company.

All decision at Board meeting and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of directors or Committee of the Board as the case may be.

I further report that there are adequate system and process in the company commensurate with its operations to monitor and enforce compliance with applicable laws, rules, regulations and guidelines.

For Saroj Ray & Associates
Company Secretaries

Sd/-

Place: Bhubaneswar
Date: 28.07.2017

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

(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)

SAROJ RAY & ASSOCIATES
COMPANY SECRETARIES

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/-

Place: Bhubaneswar
Date: 28.07.2017

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

N-6/215, Ground Floor, IRC Village, Bhubaneswar-751015, Odisha, India
Phone: (0674) 2360840, 2360841, 2360842, Fax: (0674) 2360845
Visti us: www.sracs.com, E-mail: info@sracs.com, sraconsultants@gmail.com

Annexure-VII

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 2016-17

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

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	:-	U27109OR1982GOI001050
ii)	Registration Date	:-	27.03.1982
iii)	Name of the Company	:-	Neelachal Ispat Nigam Limited
iv)	Category / Sub-Category of the Company	:-	---
v)	Address of the Registered office and contact details	:-	1st Floor, Annexe Building, IPICOL House Janpath, Saheed Nagar, Bhubaneswar 751022 (Odisha)
vi)	Whether listed company	:-	No
vii)	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	77.20

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 Shareholders	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	
A. Promoters									
(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									
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) FIIs	-	-	-	-	-	-	-	-	-
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 ' 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 ' 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			
		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	% change in share holding during the year
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.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Top 10 Shareholders *	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 01.04.2016 to 31.03.2017.

(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	Shri S. D. Kapoor	01.04.2016	At the beginning of the year	10	0.0000017	10	0.0000017
		31.03.2017	At the end of the year	10	0.0000017	10	0.0000017
2	Shri R. K. Sharma, IAS	01.04.2016	At the beginning of the year	100	0.000017	100	0.000017
		31.03.2017	At the end of the year	100	0.000017	100	0.000017
3	Shri S. Chopra, IAS	01.04.2016	At the beginning of the year	100	0.000017	100	0.000017
		31.03.2017	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 01.04.2016 to 31.03.2017. Shri R. K. Sharma and Shri Sanjeev Chopra, IAS holds shares as nominee of Govt.of Odisha, Department of Steel & Mines and IPICOL respectively.

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	1,94,528.77	80,722.32	-	2,75,251.09
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)	**1,96,621.74**	**80,722.32**	**-**	**2,77,344.06**
Change in Indebtedness during the financial year				
• Addition	17,712.87	31,176.27	-	48,889.15
• Reduction	-	-	-	-
Net Change	**17,712.87**	**31,176.27**	**-**	**48,889.14**
Indebtedness at the end of the financial year				
i) Principal Amount	2,10,403.58	1,11,898.59	-	3,22,302.17
ii) Interest due but not paid	3,622.96	-	-	3,622.96
iii) Interest accrue but not due	308.07	-	-	308.07
Total (i+ii+iii)	**2,14,334.61**	**1,11,898.59**	**-**	**3,26,233.20**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ / Lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD/Manager					Total Amount(₹)
		Mr. G. S. Gill, MD	Mr. P. Mohanty, D(F)	Mr. R. Ranjan, Jt. MD	Mr. S. S. Mohanty, VC & MD	Mr. S. B. Jagdale Jt. MD	
1.	Gross Salary						
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	16.85	13.87	12.49	8.96	8.46	60.63
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	2.04	2.89	2.20	1.79	1.88	10.80
	(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 PF)	0.91	1.42	1.03	1.24	1.17	5.77
	Total (A)	19.80	18.18	15.72	11.99	11.51	77.20
	Ceiling as per the Act.						

B. Remuneration to other Directors.

(₹ / Lakh)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. D. P. Bagchi	Shri S. D. Kapoor	Ms Meena Gupta	
1	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	1.8	1.5	0.75	4.05
	Total (1)	1.8	1.5	0.75	4.05
2	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	1.8	1.5	0.75	4.05
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	**Not Applicable**			

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD.

(₹ / Lakh)

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 (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1971	 20.54 3.64 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - As % of profit - Others, specify	- - -
5.	Others, please specify	2.24
	Total (C)	26.42

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

Annual Accounts
For the Year 2016-2017

Balance Sheet as at 31st. March, 2017

(₹ n Lakh)

Particulars	Note No.	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2	**271,385.83**	289,103.81	104,423.74
(b) Capital work-in-progress	3	**14,018.32**	14,043.75	195,455.97
(c) Investment Property		-	-	-
(d) Goodwill		-	-	-
(e) Other Intangible assets		-	-	-
(f) Intangible assets under development	4	**11,996.38**	1,008.53	912.47
(g) Biological Assets other than bearer plants		-	-	-
(h) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables		-	-	-
(iii) Loans		-	-	-
(iv) Others	5	**9,088.98**	8,238.71	5,592.64
(i) Deferred tax assets (net)	6	**18,090.91**	-	-
(j) Other non-current assets	7	**8,112.24**	8,299.28	8,286.14
		332,692.66	320,694.09	314,670.96
(2) Current assets				
(a) Inventories	8	**25,442.33**	20,184.24	30,270.18
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables	9	-	316.44	55.60
(iii) Cash and cash equivalents	10	**8,813.43**	1,646.51	1,285.43
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans		-	-	-
(vi) Others	11	**52.36**	52.36	52.36
(c) Current tax assets (Net)				
(d) Other current assets	12	**5,556.51**	5,847.83	4,176.46
		39,864.63	28,047.39	35,840.03
Total Assets		**372,557.29**	**348,741.47**	**350,510.99**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	13	**58,129.41**	58,129.41	58,129.41
(b) Other Equity	14	**(75,643.52)**	(39,940.51)	(6,521.61)
		(17,514.11)	18,188.90	51,607.80
LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	**189,748.82**	177,268.33	124,965.93
(ii) Trade payables		-	-	-
(iii) Other financial liabilities [other than those specified in item (b)]		-	-	-
(b) Provisions	16	**4,932.72**	4,279.43	3,404.29
(c) Deferred tax liabilities (Net)	17	-	248.99	245.22
(d) Other non-current liabilities	18	**10,795.52**	11,802.15	10,329.29
		205,477.06	193,598.90	138,944.73
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	**104,410.78**	82,503.69	88,009.31
(ii) Trade payables	20	**40,610.23**	27,326.27	19,467.01
(iii) Other financial liabilities [other than those specified in item (c)]	21	**32,073.60**	17,572.04	43,489.82
(b) Other current liabilities	22	**7,369.07**	9,018.88	7,359.20
(c) Provisions	23	**130.66**	532.79	1,633.12
(d) Current Tax Liabilities (Net)		-	-	-
		184,594.34	136,953.67	159,958.46
Total Equity and Liabilities		**372,557.29**	**348,741.47**	**350,510.99**

Significant Accounting Policies	1
Other notes on Financial Statements	33
First time adoption of IndAS	34

The above balance sheet should be read in conjuction with the accompanying notes.

The previous GAAP figures have been reclassified to conform to Ind AS presentaion requirements.

In terms of our report of even date

For Singh Ray Mishra & Co.
Chartered Accountants
FRN - 318121E

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(CA Saunak Ray)	**D.P. Parija**	**S.B.Jagdale**	**P.K. Jain**	**S.S. Mohanty**
Partner	Company Secretary	Jt. Managing Director	Director	Vice Chariman & Managing Director
M.No-053815				

Place : Bhubaneswar
Date : 24.05.2017

Statement of Profit and Loss for the year ended 31st. March, 2017

(₹ in Lakh)

	Particulars	Note No.	For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
I	Revenue From Operations	24	**126,873.74**	117,834.79
II	Other Income	25	**1,931.30**	1,188.38
III	Total Income (I+II)		**128,805.04**	119,023.17
IV	EXPENSES			
	Cost of materials consumed	26	**95,518.25**	75,153.98
	Purchases of Stock-in-Trade		**-**	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	**(6,889.04)**	5,797.69
	Excise Duty		**9,684.74**	10,469.87
	Employee benefits expense	28	**13,193.32**	11,290.06
	Finance costs	29	**35,993.15**	24,328.04
	Depreciation and amortization expense	30	**18,098.78**	10,508.63
	Other expenses	31	**17,153.77**	14,557.67
	Total expenses (IV)		**182,752.97**	152,105.94
V	Profit / (loss) before exceptional items and tax (III-IV)		**(53,947.93)**	(33,082.77)
VI	Exceptional Items		**-**	-
VII	Profit / (loss) before tax (V-VI)		**(53,947.93)**	(33,082.77)
VIII	Tax expense:			
	(1) Current tax		**-**	-
	(2) Deferred tax	32	**(18,273.51)**	63.04
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)		**(35,674.42)**	(33,145.80)
X	Profit / (Loss) from discontinuing operations		**-**	-
XI	Tax expense of discontinued operations		**-**	-
XII	Profit / (loss) from discontinuing operations (after tax) (X-XI)		**-**	-
XIII	Profit / (loss) for the year (IX+XII)		**(35,674.42)**	(33,145.80)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss - Remeasurement of the defined benefit plans		**96.84**	(161.11)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**-**	-
	B (i) Items that will be reclassified to profit or loss		**-**	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		**-**	-
XV	Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		**(35,577.58)**	(33,306.92)
XVI	Earnings per equity share (for continuing operation):			
	(1) Basic (in ₹)		**(6.12)**	(5.73)
	(2) Diluted (in ₹)		**(5.90)**	(5.53)
XVII	Earnings per equity share (for discontinued operation):			
	(1) Basic (in ₹)		**-**	-
	(2) Diluted (in ₹)		**-**	-
XVIII	Earnings per equity share (for discontinued & continuing operations):			
	(1) Basic (in ₹)		**(6.12)**	(5.73)
	(2) Diluted (in ₹)		**(5.90)**	(5.53)
Significant Accounting Policies		1		
Other notes on Financial Statements		33		
First time adoption of IndAS		34		

The above balance sheet should be read in conjuction with the accompanying notes.
The previous GAAP figures have been reclassified to conform to Ind AS presentaion requirements.

In terms of our report of even date

For Singh Ray Mishra & Co.
Chartered Accountants
FRN - 318121E

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(CA Saunak Ray)	**D.P. Parija**	**S.B.Jagdale**	**P.K. Jain**	**S.S. Mohanty**
Partner	Company Secretary	Jt. Managing Director	Director	Vice Chariman & Managing Director
M.No-053815				

Place : Bhubaneswar
Date : 24.05.2017

Statement of Changes in Equity for the year ended 31st. March, 2017

(₹ / Lakh)

A. Equity Share Capital -

Balance as at 01.04.2015	Changes in equity share capital during the year 2015-16	Balance as at 31.03.2016	Changes in equity share capital during the year 2016-17	Balance as at 31.03.2016
58,129.41	-	58,129.41	-	**58,129.41**

B. Other Equity -

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Security Premium Reserve	Other Reserve	Retained Earnings								
Balance as at 01.04.2015	-	463.35	-	18,150.00	1,666.67	(26,801.63)	-	-	-	-	-	-	-	(6,521.61)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	463.35	-	18,150.00	1,666.67	(26,801.63)	-	-	-	-	-	-	-	(6,521.61)
Total Comprehensive Income for the year	-	-	-	-	-	(33,306.92)	-	-	-	-	-	-	-	(33,306.92)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	(111.99)	-	-	-	-	-	-	-	-	-	-	-	(111.99)
Balance as at 31.03.2016	-	351.36	-	18,150.00	1,666.67	(60,108.54)	-	-	-	-	-	-	-	(39,940.51)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Security Premium Reserve	Other Reserve	Retained Earnings								
Balance as at 01.04.2016	-	351.36	-	18,150.00	1,666.67	(60,108.54)	-	-	-	-	-	-	-	(39,940.51)
Changes in accounting policy or prior period errors		-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	351.36	-	18,150.00	1,666.67	(60,108.54)	-	-	-	-	-	-	-	(39,940.51)
Total Comprehensive Income for the year	-	-	-	-	-	(35,577.58)	-	-	-	-	-	-	-	(35,577.58)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	(125.43)	-	-	-	-	-	-	-	-	-	-	-	(125.43)
Balance as at 31.03.2017	**-**	**225.93**	**-**	**18,150.00**	**1,666.67**	**(95,686.12)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(75,643.52)**

In terms of our report of even date

For Singh Ray Mishra & Co.
Chartered Accountants
FRN - 318121E

For and on behalf of Board of Directors

Sd/-
D.P. Parija
Company Secretary

Sd/-
S.B.Jagdale
Jt. Managing Director

Sd/-
P.K. Jain
Director

Sd/-
S.S. Mohanty
Vice Chariman & Managing Director

(CA Saunak Ray)
Partner
M.No-053815

Place : Bhubaneswar
Date : 24.05.2017

Cash Flow Statement for the year ended 31st. March, 2017

(₹ in lakh)

	For the year ended 31st. March, 2017		For the year ended 31st. March, 2016	
A. Cash Flow from Operating Activities :				
Net loss as per the Statement of Profit & Loss	**(35,577.58)**		(33,306.92)	
Add Deferred tax	**(18,273.51)**		63.04	
Add Depreciation	**18,098.78**		10,508.63	
Add Financing Costs	**35,993.15**		24,328.04	
Operating Cash Flow before changes in working capital		**240.84**		1,592.79
Changes in Working Capital :				
Increase (-) / Decrease (+) in Inventory	**(5,258.09)**		10,085.94	
Increase (-) / Decrease (+) in Trade Receivables	**316.44**		(260.84)	
Increase (-) / Decrease (+) in Other Non-current Financial Assets	**52.36**		52.36	
Increase (-) / Decrease (+) in Other Non-current Assets	**187.04**		(13.14)	
Increase (-) / Decrease (+) in Other Current Assets	**291.32**		(1,671.37)	
Increase (+) / Decrease (-) in Non-current Provisions	**653.29**		875.14	
Increase (+) / Decrease (-) in Other Non-current Liabilities	**(1,006.63)**		1,472.86	
Increase (+) / Decrease (-) in Trade Payables	**13,283.96**		7,859.26	
Increase (+) / Decrease (-) in Other Current Financial Liabilities	**14,501.56**		(25,917.78)	
Increase (+) / Decrease (-) in Other Current Liabilities	**(1,649.81)**		1,659.68	
Increase (+) / Decrease (-) in Current Provisions	**(402.13)**	**20,969.31**	(1,100.33)	(6,958.22)
Net Cash from Operating Activities		***21,210.15***		*(5,365.43)*
B. Cash Flow from Investing Activities :				
Purchase / Capitalisation of Fixed Assets		**(380.80)**		(195,188.70)
Increase in intangible asset		**(10,987.85)**		(96.06)
Reduction in / Addition to Capital Work in Progress		**25.43**		181,412.22
Net Cash from Investing Activities		***(11,343.22)***		*(13,872.54)*
C. Cash Flow from Financing Activities :				
Non-current Borrowings		**12,480.49**		52,302.40
Current Borrowings		**21,907.09**		(5,505.62)
Equity Component of Preference Shares (net of DTL)		**(191.81)**		(171.26)
Financing Costs paid		**(35,993.15)**		(24,328.04)
Net Cash from Financing Activities		***(1,797.38)***		*22,297.48*
Net Increase / (-) Decrease in Cash & Cash Equivalent (A+B+C)		**8,069.55**		3,059.51
Cash & Cash Equivalents (Opening)		**6,164.03**		3,104.52
Cash & Cash Equivalents (Closing)		**14,233.58**		6,164.03
(Represented by Cash & Bank balances)				

Cash and cash equivalent balances held by the Company, that are not available for use due to the same being held under lien towards margin money for LC / BG with banks or as security deposit with different Government Authorities, are as under :

Year	Amount (₹)
Closing Cash & Cash Equivalents (as on 31.03.2017)	**14,175.17**
Closing Cash & Cash Equivalents (as on 31.03.2016)	**6,079.40**
Opening Cash & Cash Equivalents (as on 31.03.2015)	**3,065.15**

The previous GAAP figures have been reclassified to conform to Ind AS presentaion requirements.

In terms of our report of even date

For Singh Ray Mishra & Co.
Chartered Accountants
FRN - 318121E

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(CA Saunak Ray)	**D.P. Parija**	**S.B.Jagdale**	**P.K. Jain**	**S.S. Mohanty**
Partner	Company Secretary	Jt. Managing Director	Director	Vice Chariman & Managing Director
M.No-053815				

Place : Bhubaneswar
Date : 24.05.2017

Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Neelachal Ispat Nigam Limited (the Company).

a) Basis of preparation

i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The financial statements up to year ended 31st March, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

These financial statements for the year ended 31st March, 2017 are the first financial statements of the Company under Ind AS. Refer note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

ii) Measurement Basis

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

I) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

II) Defined benefit and other long-term employee benefits.

b) Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires making judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, volume rebates, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the

Company's activities as described below. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Export sales: Export sales are recognized on the date of Bill of Lading. However, final adjustments are made in the year of receipt of discharge port analysis.

Domestic sales: Domestic sales are accounted on the date of Railway receipt / Lorry receipt / Invoice.

Obsolete Stores & Scrap: Income is accounted on realization basis in respect of used / surplus/ obsolete/unserviceable materials/waste products and scrap.

d) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented under the heading 'Other income'.

e) Leases

Leases (leasehold land from Government of Odisha) in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

f) Impairment of Assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, the entire plant is considered as a cash-generating unit. Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Cash & cash equivalents

For the purpose of presentation in the statement of cash flows, Cash comprises of cash in hand and demand deposits with banks and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Trade receivables

The carrying amount of trade receivable is considered to be its fair value due to short-term nature.

i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value except Liquid Argon, Liquid Oxygen, Liquid Nitrogen, 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 value 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. Cost of raw materials and purchased inventories comprises of cost of purchases after deducting rebates, discounts and duty / tax credits. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment in accordance with Ind AS 16. Otherwise, such items are classified as inventory. However, for the sake of materiality, if the rate per unit of such items exceeds ₹1,00,000/- (Rupees One Lakh only), the same are considered as property, plant and equipment.

Where cost of a part of 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, they are accounted for as separate items (major components) of property, plant and equipment. For the sake of materiality, the cost of a part of the asset is considered as significant if it exceeds ₹50,00,000/- (Rupees Fifty Lakh only).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives are as prescribed by Schedule II to the Companies Act, 2013 except for continuous process plants whose useful lives have been determined based on technical evaluation done by the management's expert committee in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

k) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The amortization expense is recognized in the statement of profit or loss. The estimated useful life of an identifiable intangible asset is based on a number of factors including terms of covenant, the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. The amortization period and amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount and are recognized in the statement of profit or loss.

l) Trade and other payables

These amounts represent liabilities for goods and services supplied / provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amounts of trade payables and capital creditors are considered as their fair value due to short-term nature.

m) Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on trade date. Loans and borrowings and payable are recognised net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortised cost & non derivative financial liabilities at amortised cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Non-derivative financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognized at fair value minus transaction cost, and subsequently carried at amortized cost using the effective interest method.

n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

The fair value of the liability portion of convertible preference shares is determined using a market interest rate (i.e., 12% p.a.) for an equivalent non-convertible preference shares. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the preference shares. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured. The dividends on these preference shares are recognised in profit or loss as finance costs.

Transition to Ind AS

On transition to Ind AS, the Company has elected to apply the requirements of Ind AS 109 prospectively to loan transactions entered into after the date of transition to Ind AS i.e., 1st April, 2015.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability, a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

o) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

p) Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefit will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognized in the financial statements.

q) Employee benefits

Payments under Employees' Family Benefit Scheme: Under the Employees' family benefit scheme, monthly payments are made till the normal date of superannuation to the family members of those employees who are discharged from service due to medical reason or death, on deposit of the amount envisaged under the scheme and liability for the payments is accounted for on the basis of actuarial valuation.

Gratuity:

Gratuity payable to eligible employees is administered by a separate Trust. The liability is recognised on the basis of actuarial valuation.

Provident & Pension fund:

The company's contribution to the provident & pension fund is remitted to Employees' Provident Fund Organisation (EPFO) based on a fixed percentage of employees' salary and accounted for based on actual contribution paid or payable.

Accrued Leave Salary:

Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation.

Post Retirement Settlement Benefit:

Liability towards Post Retirement Settlement Benefit to employees as at the end of the year is recognized on the basis of actuarial valuation.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Re-measurements comprising actuarial gains or losses and return on plan assets are not reclassified to profit or loss in subsequent periods.

r) Earnings per share:

(i) Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

s) 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.

t) Rounding off amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

Note - 2 : Property, Plant and Equipment -

(₹ in Lakh)

	Opening gross carrying amount as on 01.04.2016	Additions / Adjustments	Disposals / Adjustments	Closing gross carrying amount as on 31.03.2017	Opening accumulated depreciation as on 01.04.2016	Depreciation charged during the year	Disposals / Adjustments	Closing accumulated depreciation as on 31.03.2017	Closing net carrying amount as on 31.03.2017	Closing net carrying amount as on 31.03.2016	Deemed Cost as at 01.04.2015
Freehold Land	17.42	-	-	17.42	-	-	-	-	17.42	17.42	17.42
Railway Lines & Sidings	1,872.11	-	-	1,872.11	194.85	250.80	-	445.65	1,426.46	1,677.26	906.36
Roads, Bridges & Culverts	1,481.02	-	-	1,481.02	26.24	55.07	-	81.31	1,399.71	1,454.78	485.82
Buildings	7,920.30	16.83	-	7,937.13	363.00	375.93	-	738.93	7,198.20	7,557.30	7,501.80
Water Supply	3,152.16	-	-	3,152.16	615.40	625.15	-	1,240.55	1,911.61	2,536.76	2,902.58
Plant & Machinery	272,078.35	294.34	-	272,372.69	8,775.81	15,633.95	-	24,409.76	247,962.93	263,302.54	86,958.64
Spare Parts, Stand-by & Servicing Equipments	1,839.61	54.75	-	1,894.36	65.48	92.54	-	158.02	1,736.34	1,774.13	1,088.25
Power Supply & Distribution	7,776.70	-	-	7,776.70	77.21	685.09	-	762.30	7,014.40	7,699.49	2,538.34
Furniture & Fittings	35.46	1.91	-	37.37	22.21	0.10	-	22.31	15.06	13.25	34.85
Vehicles	2,263.12	-	-	2,263.12	310.88	310.88	-	621.76	1,641.36	1,952.24	1,204.39
Compound Wall, Water Supply & Sewerage	716.10	9.21	-	725.31	35.45	13.19	-	48.64	676.67	680.65	709.64
Office Equipments	138.41	1.75	-	140.16	2.07	31.35	-	33.42	106.74	136.34	8.85
Miscellaneous Equipments	321.68	2.01	-	323.69	20.03	24.73	-	44.76	278.93	301.65	66.80
Total	**299,612.44**	**380.80**	**-**	**299,993.24**	**10,508.63**	**18,098.78**	**-**	**28,607.41**	**271,385.83**	**289,103.81**	**104,423.74**
Figures for the previous year	104,423.74	195,188.70		299,612.44	-	10,508.63	-	10,508.63	289,103.81	104,423.74	

Note - 3 : Capital work-in-progress -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Construction and Erection work in progress#	**13,279.04**	13,311.63	185,206.86
Stock of Construction Material	**739.28**	732.12	2,139.42
Expenditure During Construction pending allocation	**-**	-	8,109.69
Total	**14,018.32**	14,043.75	195,455.97

Borrowing cost capitalised during the year amounting to ₹179.55 lakh (31.03.2016 -₹8,435.56 lakh).

Note - 4 : Intangible assets under development -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Captive iron ore mines under development#	**11,996.38**	1,008.53	912.47
Total	**11,996.38**	1,008.53	912.47

Borrowing cost capitalised during the year amounting to ₹92.83 lakh (31.03.2016 -₹Nil lakh).

Note - 5 : Other Financial Assets (Non-current) -

(₹in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Bank deposits with more than 12 months maturity#	**5,420.15**	4,517.52	1,819.09
Prepaid Leasehold Premium	**3,668.83**	3,721.19	3,773.55
Total	**9,088.98**	8,238.71	5,592.64

Includes margin money for LC / BG amounting to ₹44.31 lakh (31.03.2016-₹10.69 lakh & 01.4.2015-₹311.44 lakh) , security money with Govt. Deptt. ₹5,375.84 lakh(31.03.2016-₹6.83 lakh & 01.4.2015- ₹7.65 lakh) and security against borrowing from bank amounting to ₹Nil (31.03.2016-₹4,500.00 lakh & 01.4.2015-₹1,500.00 lakh)

Note - 6 : Deferred Tax Assets (net) -

(₹in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Tax losses	**23,239.63**	-	-
Tax on equity component of preference shares	**(119.57)**	-	-
Tax on differences in WDV of PPE due to depreciation	**(4,899.27)**		
Tax effect of transaction cost on loan	**(129.88)**	-	-
Total	**18,090.91**	-	-

Movement in deferred tax asset / liability

Particulars	Tax losses	On equity compt. of pref. shares	On diff. on WDV of PPE due to depn.	On transaction cost on loan	Total
At 1st April, 2015 *(Shown as deferred tax liability vide Note - 17)*	**-**	**(245.22)**	**-**	**-**	**(245.22)**
(Debited)/credited to profit or loss	-	-	-	(63.04)	(63.04)
Adjustment of deferred tax liability		59.27	-		59.27
At 31st March, 2016 *(Shown as deferred tax liability vide Note - 17)*	**-**	**(185.95)**	**-**	**(63.04)**	**(248.99)**
(Debited)/credited to profit or loss	23,239.63	-	(4,899.27)	(66.84)	18,273.52
Adjustment of deferred tax liability	-	66.38	-		66.38
At 31st March, 2017	**23,239.63**	**(119.57)**	**(4,899.27)**	**(129.88)**	**18,090.91**

Note - 7 : Other non-current assets -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
(i) Capital Advances :			
Advance to contractors for capital works	**621.00**	488.03	611.74
(ii) Advances other than capital advances :			
Security Deposit -			
Deposit with Govt. Departments	**2,035.77**	1,707.27	1,441.20
Deposit with others	**1,248.19**	1,245.31	1,243.77
(iii) Others			
MAT credit entitlement	**4,207.28**	4,858.67	4,989.43
Total	**8,112.24**	8,299.28	8,286.14

Note - 8 : Inventories - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
(a) i) Raw Materials	**1,633.80**	1,103.31	4,290.76
ii) Raw material in transit	**439.10**	4,625.41	2,253.81
(b) Work-in-progress	**721.44**	504.18	561.62
(c) Finished goods	**19,024.00**	11,175.55	19,662.40
(d) i) Stores and spares	**3,551.61**	2,628.10	2,769.26
ii) Stores and spares in transit	**72.38**	147.69	732.33
Total	**25,442.33**	20,184.24	30,270.18

Mode of valuation - Inventories have been valued at lower of cost and net realisable value. -

Note - 9 : Trade receivables - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
a) Secured, considered good		-	-
b) Unsecured, considered good	-	316.44	55.60
c) Doubtful		-	-
Total	**-**	316.44	55.60

Note - 10 : Cash and Cash equivalents - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
a. Balances with Banks*	**8,801.07**	1,646.34	1,284.96
b. Cheques, drafts on hand	**11.79**	-	-
c. Cash on hand	**0.57**	0.17	0.47
Total	**8,813.43**	1,646.51	1,285.43

*Includes margin money for LC / BG amounting to ₹1,356.02 lakh (31.03.2016 - ₹1,421.90 lakh & 01.04.2015- ₹1,116.04 lakh) and security money with Govt. Deptt. amounting to ₹149.01 lakh (31.03.2016 - ₹139.97 lakh & 01.04.2015- ₹130.02 lakh) and security against borrowing from bank amounting to ₹7,250.00 lakh (31.03.2016-₹Nil & 01.4.2015- ₹Nil). -

Note - 11 : Other Financial Assets (Current) - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Prepaid Leasehold Premium	**52.36**	52.36	52.36
Total	**52.36**	52.36	52.36

Note - 12 : Other current assets - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Advance to Employees	**1.34**	0.53	6.15
Advance to Suppliers for Stores, Spares & Raw Materials	**1,000.99**	110.62	221.05
Advance to Others	**250.96**	68.18	103.75
Prepaid Expenses	**155.72**	520.94	238.72
Claims Receivable	**1,069.97**	1,545.13	2,397.33
Export Incentive Receivable	**484.68**	46.87	-
Income tax paid in advance / recoverable	**277.97**	1,152.90	1,109.58
Interest accrued but not due on term deposits	**905.36**	302.66	99.88
Receivable from bank under 5/25 scheme	**1,409.52**	2,100.00	-
Total	**5,556.51**	5,847.83	4,176.46

Note - 13 : Equity Share capital -

		As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
				(₹ in Lakh)
Authorised :				
90,00,00,000 (previous year 90,00,00,000) Equity Shares of ₹10/- each		90,000.00	90,000.00	90,000.00
Issued :				
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each		58,822.01	58,822.01	58,822.01
Subscribed:				
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each		58,822.01	58,822.01	58,822.01
Paid up :				
57,43,68,143 (previous year 57,43,68,143) Equity Shares of ₹10/- each		57,436.81	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	692.60
	Total	**58,129.41**	58,129.41	58,129.41

a) All the equity shares rank equally with regard to the repayment of capital in the event of liquidation of the company.

b) The company has neither issued bonus shares nor bought back any shares during the last five years.

c) The company does not have a holding company.

d) The details of equity share holders holding more than 5% shares :

Name of the shareholders	As at 31st. March,2017		As at 31st. March,2016		As at 1st. April,2015	
	No. of shares	**% held**	**No. of shares**	**% held**	**No. of shares**	**% held**
MMTC Ltd.	289342744	49.78	289342744	49.78	289342744	49.78
Industrial Promotion & Investment Corporation of Orissa Ltd.	88868389	15.29	88868389	15.29	88868389	15.29
NMDC Ltd.	74799878	12.87	74799878	12.87	74799878	12.87
The Odisha Mining Corporation Ltd.	71598530	12.32	71598530	12.32	71598530	12.32

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

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Issued :			
Equity Shares at the beginning of the year	588220143	588220143	588220143
Equity Shares at the end of the year	588220143	588220143	588220143
Subscribed :			
Equity Shares at the beginning of the year	588220143	588220143	588220143
Equity Shares at the end of the year	588220143	588220143	588220143
Paid up & partly paid up :			
Equity Shares at the beginning of the year (fully paid up)	574368143	574368143	574368143
Equity Shares at the beginning of the year (partly paid up)	13852000	13852000	13852000
Equity Shares at the end of the year (fully paid up)	574368143	574368143	574368143
Equity Shares at the end of the year (partly paid up)	13852000	13852000	13852000

f) 1,38,52,000 equity shares of ₹10/- each on which ₹5/- has already been paid up shall not be called up except in the event and for the purpose of the company being wound up.

Note 14 : Other Equity -

		As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
				(₹ in Lakh)
Equity Component of Compound Financial Instrument -				
0.01% Convertible Preference Shares#		**225.93**	351.36	463.35
	Sub-total	**225.93**	351.36	463.35
Securities Premium Account				
As per last Balance Sheet		**18,150.00**	18,150.00	18,150.00
	Sub-total	**18,150.00**	18,150.00	18,150.00
Bond Redemption Reserve				
As per last Balance Sheet		**1,666.67**	1,666.67	1,666.67
	Sub-total	**1,666.67**	1,666.67	1,666.67
Retained Earnings				
Opening Balance		**(60,108.54)**	(26,801.62)	(27,328.86)
Add Total Comprehensive Income for the year		**(35,577.58)**	(33,306.92)	527.24
	Sub-total	**(95,686.12)**	(60,108.54)	(26,801.62)
	Total	**(75,643.52)**	(39,940.51)	(6,521.61)

Preference shares of ₹10 each are redeemable in 12 equal instalments commencing from 01.04.2018 and ending on 01.03.2019. Preference shares have the right to convert into equity in the ratio of 1 : 1 or else to be redeemed at par. Preference shareholders shall have no right to vote on any resolution except resolution directly affecting their rights.

Note - 15 : Borrowings (Non-current): *(₹ in Lakh)*

	Rate of Interest	Date of redemption	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Secured Loans -					
Bonds/debentures					
11.90% Bond	11.90% p.a.	27.03.2021	**20,000.00**	20,000.00	20,000.00
10.45% Bond	10.45% p.a.	19.02.2018	**15,000.00**	20,000.00	20,000.00
Term Loans					
from banks			**123,181.96**	111,572.27	83,042.26
from other parties - related parties			**8,015.81**	14,156.85	-
- others			**8,301.36**	9,481.32	37.04
		Sub-total	174,499.13	175,210.44	123,079.30
Unsecured Loans -					
Zero Rated Unsecured Instruments			**459.48**	459.48	459.48
Loans from related parties			**13,000.00**	-	-
Liability component of Compound Financial Instrument - 0.01% Convertible Preference Shares			**1,790.21**	1,598.41	1,427.15
		Sub-total	**15,249.69**	2,057.89	1,886.63
		Total	**189,748.82**	177,268.33	124,965.93

a) 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.

b) Bonds & loans amounting to ₹1,28,706.00 lakh (31.03.2016 - ₹1,18,854.00 lakh) are guaranteed by corporate guarantee of MMTC Ltd.

c) The term loan from banks amounting to ₹87,654.94 lakh (31.03.2016 - ₹86,615.86 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 short term corporate loan of ₹17,375.00 lakh (31.03.2016 - ₹19,218.75 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 (31.03.2016 - ₹18,000.00 lakh) is secured by second charge on all present and future movable fixed assets and current assets pending pari pasu permission from other consortium lenders .
Short term loan of ₹17,000.00 (31.03.2016 - ₹17,000.00 lakh) is secured by corporate guarantee of MMTC Ltd.
Corporate loan of ₹ 14,625.00 lakh (31.03.2016 - ₹10,000.00 lakh) is secured by way of first charge on fixed assets and second charge on current assets pending pari pasu permission from other consortium lenders.
Creation of securities in favour of corporate loan of ₹8325.00 lakh (31.03.2016 - ₹Nil) is in process.

d) The company has not paid principal instalment amounting to ₹751.72 lakh (31.03.2016 - ₹382.46 lakh) and interest amounting to ₹3,256.46 lakh (31.03.2016 -₹1615.67 lakh) to banks and principal amounting to ₹3,430.56 lakh (31.03.2016 - ₹Nil) and interest amounting to ₹366.50 lakh (31.03.2016 - ₹159.18 lakh) to other parties as on 31.03.2017.

e) Terms of repayment of loan and rate of interest are set out below :

Name of the lender	Outstanding as on 31.03.2017 as per agreement	Maturity Date	Terms of repayment	Rate of interest
UNION BANK OF INDIA	4,987.00	31.03.2023	0.25% per qrt. from 30.9.15 to 31.3.18 (for 11 qrts.), 2% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 4% per qrt. from 30.6.19 to 31.3.21 (for 8 qrts.), 6 % per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8.31 % per qrt. from 30.6.22 to 31.3.23 (for 4 qrts.)	9.85%
INDIAN BANK	4,962.50	31.03.2023	-do-	10.25%
OBC	1,844.20	31.03.2023	-do-	9.85%
ALLAHABAD BANK	9,850.00	31.03.2023	0.253% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 2.021% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 4 .042% per qrt. from 30.6.19 to 31.3.21 (for 8 qrts.), 6.063% per 4qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8.337% from 30.6.22 to 31.12.22 (for 3 qrts.) and 7.54 % for the qrt. ended 31.03.23.	9.70%
DENA BANK(PH-II)	8,934.29	31.03.2033	0.25% per qrt. from 30.6.15 to 31.03.17 (for 8 qrts.), 0.32 % per qrt. from 30.6.17 to 31.3.18 (for 4 qrts.), 0.63 % per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 1 % per qrt. from 30.6.19 to 31.3.24 (for 20 qrts.) , 1.25 % per qrt. from 30.6.24 to 31.3.25 (4 qrts.), 2% per qrt. from 30.6.25 to 31.3.29 (for 16 qrts.), 2.12 % per qrt. from 30.6.28 to 31.3.30 (for 4 qrts.), 2.5% per qrt. from 30.6.30 to 31.3.31 (for 4 qrts.), 2.57% per qrt. from 30.6.31 to 31.3.32 (for 4 qrts.), 2.13 % per qrt. from 30.6.32 to 31.3.33 (for 4 qrts.)	13.35%
ALLAHABAD BANK--(PH-II)	5,202.68	31.03.2033	0.25% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 0.50% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 1.00% per qrt. from 30.6.19 to 31.3.25 (for 24 qrts.) , 2 % per qrt. from 30.6.25 to 31.3.30 (for 20 qrts.), 2.5 % per qrt. from 30.6.30 to 31.03.32 (for 8 qrts.) , 2.75 % per qrt. from 30.06.32 to 31.12.32 (for 3 qrts.) and 3% for the qrt. ended 31.03.33.	13.35%
UBI(PH-II)	7,472.00	31.03.2033	-do-	12.80%
SBI(PH-II)	19,347.40	31.03.2033	-do-	13.20%
CBI(PH-II)	6,501.00	31.03.2033	-do-	13.20%
SBH(PH-II)	1,932.21	31.03.2033	-do-	13.45%
SBM(PH-II)	1,448.62	31.03.2033	-do-	13.65%
SBI-9393	5,398.90	31.03.2023	0.25% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 2% per qrt. from 30.6.18 to 31.3.19(for 4 qrts.), 4% per qrt. from 30.6.19 to 31.3.21(for 8 qrts.) , 6% per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8% per qrt. from 30.6.22 to 31.12.22 (for 3 qrts.) and 9.25% for the qrt. ended 31.03.23.	13.30%
SBI-5293	4,900.36	31.03.2023	-do-	13.30%
SBI-3205	4,873.78	31.03.2023	-do-	9.85%

SBI(CORPORATE LOAN)	7,375.00	31.03.2021	1.25% per qrt. from 31.12.14 to 31.3.16 (for 6 qrts.), 4.5% per qrt. from 30.6.16 to 31.3.20 (for 16 qrt.), 5.125% per qrt. from 30.6.20 to 31.3.21 (for 4 qrts.)	12.30%
INDUSIND BANK	18,000.00	30.09.2018	4 equal quarterly installment starting from 31.12.17 to 30.9.18	12.25%
ALLAHABAD BANK(STL)	10,000.00	30.12.2020	2 installment of₹5,000.00 lakh each on 30.12.2019 & 30.12.2020	11.70%
SBI (MINES)	8,325.00	31.12.2026	1.25% per qrt. from 30.06.18 to 31.3.21 (for 12 qrts.), 2.5% per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 3.75% per qrt. from 30.6.22 to 31.3.26 (for 16 qrts.), 5% per qrt. From 30.06.26 to 31.12.26 (for 3 qrts.)	11.00%
VIJAYA BANK	5,000.00	31.12.2021	5% per qrt. from 30.09.18 to 31.12.18 (for 2 qrts.), 6% per qrt. from 01.01.19 to 31.12.19 (for 4 qrts.), 7% per qrt. from 01.01.20 to 31.12.20 (for 4 qrts.) and 9.5% per qrt. from 01.01.21 to 31.12.21 (for 4 qrts.)	12.45%
IFCI	9,625.00	30.09.2022	1.25% per qrt. from 30.6.16 to 30.9.17 (for 6 qrts.), 4.5% from 31.12.17 to 30.9.21 (for 16 qrts.), 5.125% per qrt. from 31.12.21 to 30.9.22 (for 4 qrts.)	13.80%
OMC	17,000.00	30.09.2019	36 monthly instalments starting from September, 16	12.25%

f) Repayment of Zero Rated Unsecured Instruments will be made in 12 equal monthly instalments during 2018-19.

g) Lenders of term loan amounting to ₹37.04 lakh have not yet exercised their right of conversion to equity/preference shares.

h) Preference shares of ₹10 each are redeemable in 12 equal instalments commencing from 01.04.2018 and ending on 01.03.2019. Preference shares have the right to convert into equity in the ratio of 1 : 1 or else to be redeemed at par. Preference shareholders shall have no right to vote on any resolution except resolution directly affecting their rights.

Note - 16 : Provisions (Non-current) -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Provision for employee benefits			
Accrued Leave Liability	**2,805.43**	2,447.46	2,064.82
Gratuity Liability	**1,516.86**	1,270.14	822.37
Post Retirement Settlement Expenses Liability	**136.31**	120.21	108.88
Employees' Family Benefit Scheme	**474.12**	441.62	408.22
Total	**4,932.72**	4,279.43	3,404.29

Note - 17 : Deferred Tax Liabilities (net) -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Tax on equity component of preference shares	-	185.95	245.22
Tax effect of transaction cost on loan	-	63.04	-
Total	-	248.99	245.22

Movement in deferred tax liability -

(₹ in Lakh)

Particulars	**On equity compt. of pref. shares**	**On transaction cost on loan**	**Total**
At 1st April, 2015	**245.22**	**-**	**245.22**
Debited/(credited) to profit or loss	-	**63.04**	**63.04**
Adjustment of deferred tax liability	(59.27)	**-**	**(59.27)**
At 31st March, 2016	**185.95**	**63.04**	**248.99**
Debited/(credited) to profit or loss	-	66.84	66.84
Adjustment of deferred tax liability	(66.38)	-	(66.38)
At 31st March, 2017 *(shown by way of netting off against deferred tax assets vide Note - 6)*	**119.57**	**129.88**	**249.45**

Note - 18 : Other non-current laibilities -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Retention money on contracts	**9,509.31**	10,083.44	9,947.12
Security deposit	**1,286.21**	1,718.71	382.17
Total	**10,795.52**	11,802.15	10,329.29

Note - 19 : Borrowings (Current) -

(₹ in Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Secured Loans -			
Loans repayable on demand from banks :			
Short-term loans from banks	-	-	10,000.00
Working capital borrowings from banks	**7,761.88**	3,839.26	6,094.47
Sub-total	**7,761.88**	3,839.26	16,094.47
Unsecured Loans -			
Loans from related parties	**96,648.90**	78,664.43	71,914.84
Total	**104,410.78**	82,503.69	88,009.31

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

b) 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.

Note - 20 : Trade payables (Current) -

(₹ / Lakh)

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Sundry Creditors - Due to Micro and Small Enterprises	**165.13**	160.63	154.46
Sundry Creditors - Other than Micro and Small Enterprises	**40,445.10**	27,165.64	19,312.55
Total	**40,610.23**	27,326.27	19,467.01

a) 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 are as under:

(₹ in Lakh)

Description	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
1) The principal amount remaining unpaid to the suppliers as at the end of accounting year	**165.13**	160.63	154.46
2) The interest due thereon remaining unpaid to the suppliers as at the end of the accounting year	-	-	-
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.	-	-	-
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.	-	-	-
5) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-	-
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.	-	-	-

Note - 21 : Other financial liabilities (Current) - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Current maturities of long-term debt (Term loan from banks/other parties)	**28,142.57**	15,479.07	41,910.20
Interest accrued and due on loans	**3,622.96**	1,774.85	1,324.50
Interest accrued but not due on loans	**308.07**	318.12	255.12
Total	**32,073.60**	17,572.04	43,489.82

Note - 22 : Other current liabilities - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Revenue received in advance	**416.96**	1,413.44	88.20
Others :			
Earnest money deposit	**287.40**	202.25	199.32
Payable towards capital works	**1,437.20**	1,351.13	1,957.58
Others	**5,227.51**	6,052.06	5,114.10
Total	**7,369.07**	9,018.88	7,359.20

Note - 23 : Provisions (Current) - *(₹ in Lakh)*

	As at 31st. March,2017	As at 31st. March,2016	As at 1st. April,2015
Provision for employee benefits			
Arrear Salary	-	394.70	1,559.15
Accrued Leave Liability	**51.65**	40.35	29.86
Gratuity Liability	**66.41**	87.02	35.13
Post Retirement Settlement Expenses Liability	**4.00**	3.28	2.48
Employees' Family Benefit Scheme	**8.60**	7.44	6.50
Total	**130.66**	532.79	1,633.12

Note - 16.1, 23.1 & 28.1 : 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.

Other disclosures, as required under Indian Accounting Standards (IndAS) – 19 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 Ind!S–19.

(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 01.04.2017	2,932.21	2,487.80	123.49	449.06
Current Service Cost	351.30	456.71	-	-
Interest Cost	216.67	182.84	9.21	33.05
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	200.41	172.76	8.84	28.29
Actuarial Gains(-) / Losses (+) due to Unespected Experience	(322.14)	(343.10)	0.22	(10.88)
Benefits Paid	86.52	99.94	1.46	16.80
Present value of projected benefit obligations as on 31.03.2017	3,291.92	2,857.07	140.30	482.72

(c) As against gratuity liability of ₹3291.92 lakh as at 31.03.2017, the company has plan assets of the fund amounting to ₹1708.65 lakh as at 31.03.2017. 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 31.03.2017
Fair Value of Plan Asset at the beginning of the year	1,575.05
Interest Income	118.13
Employer's Contributions	117.81
Benefits Paid	86.52
Return on Plan Assets excluding Interest Income	(15.82)
Fair Value of Plan Asset at the end of the year	**1,708.65**

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

	(₹ in Lakh) As at 31.03.2017
Present Value of Obligation at the end of the year	3,291.92
Fair Value of Plan Asset at the end of the year	1,708.65
Funded Status	(1,583.27)
Net Asset / (Liability) Recognised in Balance Sheet	**(1,583.27)**

(f) Expenses recognized in the statement of Profit & Loss Account for the year ended 31.03.2017:

(₹ in Lakh)

Particulars	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Current Service Cost	351.30	456.71	-	-
Net Interest Cost	98.54	182.84	9.21	33.05
Actuarial Gain/Loss applicable only for last year		(170.34)		17.41
Benefit cost (Expense recognised in Statement of Profit/Loss)	449.84	469.22	9.21	50.46
Amount charged to - Employee benefits expense (Note-28)	**449.84**	**469.22**	**9.21**	**50.46**

(g) Other Comrehensive Income :

(₹ in Lakh)

Particulars	Gratuity	Post Retirement Settlement Benefit
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	200.41	8.84
Actuarial Gains(-) / Losses (+) due to Unespected Experience	(322.14)	0.22
Total Acturial (Gain)/Loss	(121.73)	9.06
Return on Plan Assets excluding Interest Income	(15.82)	-
Balance at the end of the period	(105.91)	9.06
Net (Income)/Expense for the period recognised in OCI	**(105.91)**	**9.06**

(h) Actuarial assumptions

Description	As at 31.03.2017
Mortality Table	IALM (2006-2008) ULTIMATE
Superannuation Age	60 years
Early Retirement & Disablement (All Causes Combined)	0.100%
above age 45	0.06%
Between 29-45	0.03%
Below age 29	0.01%
Discount Rate	7.50%
Inflation Rate	7.00%
Return on Asset (in case Gratuity Fund)	7.50%
Remaining Working Life	14 yrs.
Formula Used	Projected Unit Credit Method

(i) 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	1,357.15	-	-	-
Expenses as above	449.84	469.22	9.21	50.46
Contributions		-	-	-
Closing Net Liability	1,806.99	469.22	9.21	50.46
Closing Fund / Provision at the end of the year	**3,291.92**	**2,857.07**	**140.30**	**482.72**

(₹ in Lakh)

Note 24 : Revenue from operations -		**For the year ended 31st. March, 2017**	**For the year ended 31st. March, 2016**
Sale of Products (including Excise Duty)			
Domestic		**87,999.74**	94,531.87
Exports		**34,021.09**	17,650.35
	Sub-Total	**122,020.83**	112,182.22
Other Operating Revenues		**4,852.91**	5,652.57
	Total	**126,873.74**	117,834.79

Note 25 : Other income

(₹ in Lakh)

		For the year ended 31st. March, 2017	**For the year ended 31st. March, 2016**
Sale of Misc. Scrap		**51.22**	61.49
Interest on Term / Other Deposit		**1,040.87**	400.29
Miscellaneous Receipts		**41.43**	30.57
Export Incentives		**797.78**	696.03
	Total	**1,931.30**	1,188.38

Note 26 : Cost of materials consumed

	For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
		(₹ in Lakh)
Iron Ore	**17,878.00**	21,121.12
Coking Coal	**73,624.25**	50,504.28
Dolomite	**1,412.18**	1,409.24
Limestone	**930.47**	1,032.16
Sand	**30.80**	35.66
Quartzite	**209.77**	183.43
Manganese	**-**	0.16
Sulphuric Acid	**454.02**	425.00
Ferro Manganese	**17.12**	28.43
Ferro Silicon	**123.38**	94.22
Silico Manganese	**349.66**	172.65
Aluminium	**21.14**	11.83
Others	**467.46**	135.80
Total	**95,518.25**	75,153.98

Note 27 : Changes in inventories of finished goods and work-in-progress

(₹ in Lakh)

	For the year ended 31st. March, 2017		For the year ended 31st. March, 2016	
Opening Stock				
- Finished Goods	**11,175.55**		13,216.82	
- Work-in-Progress	**504.18**	**11,679.73**	561.62	13,778.44
Add Finished Goods Stock transferred from Phase II		**-**		4,253.28
Add Finished Goods Stock of Others		**585.17**		122.13
Less: Closing Stock				
- Finished Goods	**19,024.00**		11,175.55	
- Work-in-Progress	**721.44**	**19,745.44**	504.18	11,679.73
Changes in inventories of finished goods and work-in-progress		**(7,480.54)**		6,474.12
Add / (Less) Accretion / (Depletion) to Excise Duty Liability on Stock of Finished Goods		**591.50**		(676.43)
Total		**(6,889.04)**		5,797.69

Note 28 : Employee benefits expense

	For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
		(₹ in Lakh)
Salaries, Wages and Allowances	**10,172.51**	8,197.91
Leave Encashment	**469.22**	445.29
Company's Contribution to Provident & Other Funds	**1,210.43**	879.19
Staff Welfare Expenses	**891.32**	1,451.15
Gratuity	**449.84**	316.52
Total	**13,193.32**	11,290.06

Note 29 : Finance costs

	For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
		(₹ in Lakh)
Interest cost		
- Bonds	**4,464.58**	2,560.07
- Working Capital	**590.75**	623.47
- Term Loan	**18,695.17**	11,365.60
Other borrowing costs	**12,242.65**	9,778.90
Total	**35,993.15**	24,328.04

Note 30 : Depreciation and amortization expense

(₹ in Lakh)

		For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
Depreciation on tangible assets		**18,098.78**	10,508.63
	Total	**18,098.78**	10,508.63

Note 31 : Other expenses

(₹ in Lakh)

		For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
Consumption of stores and spare parts		**2,038.99**	2,349.88
Power and fuel		**3,920.10**	2,473.01
Rent		**79.90**	87.91
Repairs to buildings		**241.68**	68.77
Repairs to machinery		**1,550.23**	1,695.84
Insurance		**371.42**	328.46
Rates and taxes, excluding taxes on income		**762.34**	222.19
Office & Administrative Expenses		**1,313.30**	1,317.73
Bad debt		**1,326.00**	-
Trade Margin on Sales		**1,948.43**	2,126.02
Other Selling Expenses		**-**	31.02
Water Charges		**536.79**	470.11
Material handling charges & outsourcing expenses		**3,039.72**	3,366.26
Remuneration to auditors#		**7.50**	7.50
Miscellaneous Expenses		**17.37**	12.97
	Total	**17,153.77**	14,557.67

 # Remuneration to auditors -

(₹ in Lakh)

		For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
As Auditor		**6.50**	6.50
For Taxation Matters		**1.00**	1.00
	Total	**7.50**	7.50

Note 32 : Tax expense

(₹ in Lakh)

		For the year ended 31st. March, 2017	For the year ended 31st. March, 2016
a)	Current tax	**-**	-
	Current tax on profits for the year	**-**	-
	Adjustments for current tax of prior periods	**-**	-
	Total current tax expense	**-**	-
	Deferred tax		
	Decrease /(increase) in deferred tax assets	**(18,273.51)**	-
	Decrease / (increase) in deferred tax liabilities	**-**	63.04
	Total deferred tax expense/(benefit)	**(18,273.51)**	63.04
	Tax expense	**(18,273.51)**	63.04
	Tax expense is attributable to :		
	Profit / loss from continuing operations	**(18,273.51)**	63.04
	Profit / loss from discontinuing operations	-	-

b) Reconciliation of tax expense and accounting profit/loss multiplied by tax rate:

(₹ in Lakh)

	For the year ended 31st. March, 2017
Profit/(loss) from continuing operation before tax expense	(53,851.09)
Profit/(loss) from discontinuing operation before tax expense	-
Tax at the rate of 34.608%	(18,636.79)
Tax effect of amounts not deductible (taxable) in calculating taxable income:	
Differences in WDV of PPE due to depreciation	32.02
Disallowance u/s 43B for current financial year	305.14
Pre-existing liability of Section 43B	40.73
Tax effect of transaction cost on loan	66.84
Tax expense	**(18,273.51)**

c) Nature of evidence supporting recognition of deferred tax assets during 2016-17 is as under:

i) The company has been granted 110 million tonnes of high grade iron ore mine and the lease deed has been executed between Govt. of Odisha and the company on 11.01.2017 . With the commissioning of mining activities, the raw material cost will be significantly reduced apart from getting uninterrupted quality ore.

ii) The company is going for blast furnace capital repair during the month of June, 2017 for which necessary procurement action, arrangement of techical experts, financial closure etc. are in advance stage.

iii) Besides, the company has undertaken various revival strategy like induction of eminent technocrats and managerial personnel as the functional directors, MoU with NALCO for setting up Coal Tar Distillation Plant, increasing the capacity utilisation of blast furnace and steel melting shop to 100% from the present level of 50 to 60%, restoring the capacity of Gas Turbine Generator of 24 MW, massive cost reduction measures, additional equity infusion by promoters etc.

iv) The main reason of continued loss is longest recessionary phase of steel industry worldwide which is expected to be over shortly with massive budgetary outlay on infrastructure sector envisaged in the Union Budget for 2017-18 and recently announed steel policy of Govt. of India emphasising on procurement of steel from domestic steel manufacturers by Govt. sectors.

Note 33: Other notes on financial statements

a) Contingent liabilities

i. Claims against Company not acknowledged as debts ₹29,231.43 lakh (Previous year ₹35,499.21lakh)

ii. Estimated commitment amount of contracts remaining to be executed on Capital Account and not provided for (net of advance) ₹12,539.62 lakh (Previous year ₹13,029.08 lakh).

iii. Corporate Guarantee given to MMTC Ltd. ₹94,500.00 lakh (Previous year ₹94,500.00 lakh)

b) Foreign Currency outgo during the year is ₹460.35 lakh (Previous year ₹126.28 lakh).

c) 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.

d) Segment reporting

The company is domicile in India. The amount of its revenue broken down by location of the customers is shown in the table below:

Particulars	**Current Year (₹ in lakh)**	**Previous Year (₹ in lakh)**
Sales Revenue		
India	92,852.64	1,00,184.44
Foreign Countries	34,021.09	17,650.35

e) 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 Ind AS 36 (Impairment of Assets) issued under the Companies (Indian Accounting Standards) Rules, 2015.

f) Related party

As per Ind AS 24 (Related Party disclosures) issued under the Companies (Indian Accounting Standards) Rules, 2015, details of Related party transactions are as under:

i) The company has following related entities:

Name	**Nature of Relationship**	**Place of incorporation**	**Ownership interest**		
			31.03.17	**31.03.16**	**01.04.15**
MMTC Limited	Control	India	49.78%	49.78%	49.78%
OMC Limited	Significant Influence	India	12.32%	12.32%	12.32%

ii) Details of transactions with related parties:

(₹ in lakh)

Particulars	2016-17	2015-16
Purchase of goods from MMTC Ltd.	61,748.20	48,209.98
Sale of goods to MMTC Ltd.	1,29,083.49	1,24,691.52
Equity participation by MMTC Ltd. as on 31.03.2017 / 31.03.2016	28,934.27	28,934.27
Corporate Guarantee issued to MMTC Ltd. as on 31.03.2017 / 31.03.2016	94,500.00	94,500.00
Corporate Guarantee issued by MMTC in favour of banks / FIs for securing the loans of the company as on 31.03.2017 / 31.03.2016	1,46,056.00	1,46,056.00
Inter Corporate Loan by MMTC Ltd. as on 31.03.2017 / 31.03.2016	1,09,648.90	78,664.43
Payable to MMTC Ltd. on account of trade as on 31.03.2017/31.03.2016	20,750.42	11,381.15
Purchase of goods from OMC Ltd.	19,945.92	16,109.92
Equity participation by OMC Ltd.	7,159.85	7,159.85
Inter Corporate Loan by OMC Ltd. as on 31.03.2017 / 31.03.2016	16,988.03	16,990.18
Payable to OMC on account of trade as on 31.03.2017/31.03.2016	5,391.33	5,910.35

iii) Key management personnel compensation:

(₹ in lakh)

	31.03.2017	31.03.2016
Short-term employee benefits	83.21	79.36
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-

iv) Loans from related party:

(₹ in lakh)

	31.03.2017	31.03.2016
Beginning of the year	95,654.61	88,914.84
Loan received	91,096.64	76,287.03
Loan repayment made	60,112.17	69,537.44
Ind AS adjustment	(2.15)	(9.82)
Interest charged	8,748.54	7,670.88
Interest paid	8,748.54	7,670.88
End of the year	1,26,636.93	95,654.61

g) Calculation of earnings per share for the year as required by Ind AS 33 (Earnings per Share) issued under the Companies (Indian Accounting Standards) Rules, 2015:

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)				(35,577.58)
Basic Earnings Per Share (C/A) (₹)				(6.12)
Diluted Earnings Per Share [C/(A+B)] (₹)				(5.90)

h) 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 Odisha. Remaining number of displaced families to be given employment by the company as on 31.03.2017 is 38.

i) Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 is provided in the table given below:-

Particulars	Specified Bank Notes (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11. 2016	500	31,916	32,416
(+) Permitted receipts	-	1,40,980	1,40,980
(-) Permitted payments	-	1,30,450	1,30,450
(-) Amount deposited in Banks	500	-	500
Closing cash in hand as on 30.12. 2016	-	42,446	42,446

j) Disclosure of sale of finished goods under broad heads:

(₹ in lakh)

Major Products	Sales	Closing Stock	Opening Stock
Pig Iron	97,956.77 (96,641.13)	7,067.54 (3,357.63)	3,357.63 (10,340.65)
Billets	11,373.29 (Nil*)	140.23 (3,321.56)	3,321.56 (3,656.00)
Granulated Slag	369.94 (405.46)	78.92 (106.63)	106.63 (163.21)
Scrap	4,852.91 (5,652.57)	1,018.36 (587.40)	587.40 (1,039.66)
BF Coke	5,461.06 (8,222.24)	933.26 (11.78)	11.78 (213.17)
Crude Tar	3,281.38 (3,064.24)	161.12 (156.60)	156.60 (34.57)
Ammonium Sulphate	365.31 (445.62)	36.91 (35.60)	35.60 (43.55)
Others	3,213.07 (3,403.53)	9,587.67 (3,598.35)	3,598.35 (4,171.59)
Total	**1,26,873.73** **(1,17,834.79)**	**19,024.01** **(11,175.55)**	**11,175.55** **(19,662.40)**

** Capitalised, hence not reflected.*

k) Expenditure incurred in foreign currency on account of

(₹ in lakh)

	Current Year	Previous Year
Know-how	-	-
Interest	-	-
Training expenses & payments to -		
Foreign Technicians	57.11	42.63
Others	Nil	Nil
Total	**57.11**	**42.63**

l) Value of imports during the period (Calculated on CIF basis):

(₹ in lakh)

	Current Year	Previous Year
Raw Materials	56,157.79	43,998.25
Capital Goods	-	-
Total	**56,157.79**	**43,998.25**

m) Value of raw materials consumed during the year

(₹ in lakh)

	Current Year		Previous Year	
	₹ in lakh	%	₹ in lakh	%
Imported	73,624.25	77.08	50,504.28	67.20
Indigenous	21,894.00	22.92	24,649.70	32.80
Total	**95,518.25**	**100.00**	**75,153.98**	**100.00**

n) Value of stores / spares & components consumed during the year

(₹ in lakh)

	Current Year		Previous Year	
	₹ in lakh	%	₹ in lakh	%
Imported	403.23	19.78	83.66	3.56
Indigenous	1,635.73	80.22	2,266.22	96.44
Total	**2,038.96**	**100.00**	**2,349.88**	**100.00**

o) Particulars of Directors' Remuneration

(₹ in lakh)

	Current Year	Previous Year
Salaries	77.44	72.33
Company's contribution to provident & other funds	5.77	7.03
Total	**83.21**	**79.36**

p) The company is domicile in India and is a public limited company registered under erstwhile Companies Act, 1956. Its country of incorporation is India and the address of its registered office is at 1st Floor, IPICOL House (Annexe Building), Janpath, Bhubaneswar, Odisha with principal place of business at Kalinga Nagar Industrial Complex, Duburi, Jajpur, Odisha. The company is an integrated iron and steel plant manufacturing steel billets, pig iron, coke, fertilizer, crude tar etc.. While pig iron is sold both in domestic as well as export market, the company is principally dependent on the domestic market for remaining products.

q) 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 figure.

Note 34: First-time adoption of Ind AS

Transition to Ind AS

The Company's financial statements for the year ended 31st March, 2017 are the first financial statements prepared in accordance with Ind AS.

The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the first Ind AS Financial Statements for the year ended 31st March, 2017, be applied consistently and retrospectively for all financial years presented.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Companies Act, 2013. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A) Reconciliation between previous GAAP and Ind AS

Ind AS requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

Reconciliation of equity as at the date of transition (i.e., 1st April, 2015)

(₹ in lakh)

Particulars				Notes to first-time adoption	As per Ind AS	Ind AS effect	As per Previous GAAP
	ASSETS						
(1)	**Non-current assets**						
	(a)	Property, Plant and Equipment		3,4,11	104,423.74	(2,096.98)	106,520.72
	(b)	Capital work-in-progress			195,455.97	-	195,455.97
	(c)	Investment Property			-	-	-
	(d)	Goodwill			-	-	-
	(e)	Other Intangible assets			-	-	-
	(f)	Intangible assets under development			912.47	-	912.47
	(g)	Biological Assets other than bearer plants			-	-	-
	(h)	Financial assets					
		(i)	Investments		-	-	-
		(ii)	Trade receivables		-	-	-
		(iii)	Loans		-	-	-
		(iv)	Others	10	5,592.64	5,592.64	-
	(i)	Deferred tax assets (net)			-	-	-
	(j)	Other non-current assets			8,286.14	-	8,286.14
					314,670.96	3,495.66	**311,175.30**

(2)	**Current assets**						
	(a)	Inventories		3	30,270.18	(1,201.69)	31,471.87
	(b)	Financial assets					
		(i)	Investments		-	-	-
		(ii)	Trade receivables		55.60	-	55.60
		(iii)	Cash and cash equivalents		1,285.43	(1,819.09)	3,104.52
		(iv)	Bank balances other than (iii) above		-	-	-
		(v)	Loans		-	-	-
		(vi)	Others	10	52.36	52.36	-
	(c)	Current tax assets (Net)			-	-	-
	(d)	Other current assets			4,176.46	-	4,176.46
					35,840.03	(2,968.42)	**38,808.45**
			Total Assets		**350,510.99**	527.24	**349,983.75**
	EQUITY AND LIABILITIES						
	Equity						
	(a)	Equity Share Capital		1	58,129.41	(2,135.72)	60,265.13
	(b)	Other Equity		1,2,4	(6,521.61)	990.59	(7,512.20)
					51,607.80	(1,145.13)	**52,752.93**
	LIABILITIES						
(1)	**Non-current liabilities**						
	(a)	Financial Liabilities					
		(i)	Borrowings	1	124,965.93	1,427.15	123,538.78
		(ii)	Trade payables		-	-	-
		(iii)	Other financial liabilities [other than those specified in item (b)]		-	-	-
	(b)	Provisions			3,404.29	-	3,404.29
	(c)	Deferred tax liabilities (Net)		2	245.22	245.22	-
	(d)	Other non-current liabilities			10,329.29	-	10,329.29
					138,944.73	1,672.37	**137,272.36**
(2)	**Current liabilities**						
	(a)	Financial liabilities					
		(i)	Borrowings		88,009.31	-	88,009.31
		(ii)	Trade payables		19,467.01	-	19,467.01
		(iii)	Other financial l iabilities [other than those specified in item (c)]		43,489.82	43,489.82	-
	(b)	Other current liabilities			7,359.20	(43,489.82)	50,849.02
	(c)	Provisions			1,633.12	-	1,633.12
	(d)	Current Tax Liabilities (Net)			-	-	-
					159,958.46	-	**159,958.46**
			Total Equity and Liabilities		**350,510.99**	527.24	**349,983.75**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements.

Reconciliation of equity as at 31st March, 2016

(₹ in Lakh)

			Particulars	Notes to first-time adoption	As per Ind AS	Ind AS effect	As per Previous GAAP
	ASSETS						
(1)	**Non-current assets**						
	(a)		Property, Plant and Equipment	3,4,11	289,103.81	(2,379.14)	291,482.95
	(b)		Capital work-in-progress		14,043.75	-	14,043.75
	(c)		Investment Property		-	-	-
	(d)		Goodwill		-	-	-
	(e)		Other Intangible assets		-	-	-
	(f)		Intangible assets under development		1,008.53	-	1,008.53
	(g)		Biological Assets other than bearer plants		-	-	-
	(h)		Financial assets				
		(i)	Investments		-	-	-
		(ii)	Trade receivables		-	-	-
		(iii)	Loans		-	-	-
		(iv)	Others	10	8,238.71	8,238.71	-
	(i)		Deferred tax assets (net)		-	-	-
	(j)		Other non-current assets		8,299.28	-	8,299.28
					320,694.08	5,859.56	**314,834.51**
(2)	**Current assets**						
	(a)		Inventories	3	20,184.24	(1,861.95)	22,046.19
	(b)		Financial assets				
		(i)	Investments		-	-	-
		(ii)	Trade receivables		316.44	-	316.44
		(iii)	Cash and cash equivalents		1,646.51	(4,517.52)	6,164.03
		(iv)	Bank balances other than (iii) above		-	-	-
		(v)	Loans		-	-	-
		(vi)	Others	10	52.36	52.36	-
	(c)		Current tax assets (Net)				
	(d)		Other current assets		5,847.83	-	5,847.83
					28,047.38	(6,327.10)	34,374.49
			Total Assets		**348,741.46**	(467.54)	**349,209.00**
	EQUITY AND LIABILITIES						
	Equity						
	(a)		Equity Share Capital	1	58,129.41	(2,135.72)	60,265.13
	(b)		Other Equity	1,2,4	(39,940.52)	2.92	(39,943.44)
					18,188.89	(2,132.80)	**20,321.69**

	LIABILITIES						
(1)	**Non-current liabilities**						
	(a)	Financial Liabilities					
		(i)	Borrowings	4,5	177,268.33	1,416.27	175,852.06
		(ii)	Trade payables		-	-	-
		(iii)	Other financial liabilities [other than those specified in item (b)]		-	-	-
	(b)	Provisions			4,279.43	-	4,279.43
	(c)	Deferred tax liabilities (Net)		2	248.99	248.99	-
	(d)	Other non-current liabilities			11,802.15	-	11,802.15
					193,598.90	1,665.26	**191,933.64**
(2)	**Current liabilities**						
	(a)	Financial liabilities					
		(i)	Borrowings		82,503.69	-	82,503.69
		(ii)	Trade payables		27,326.27	-	27,326.27
		(iii)	Other financial liabilities [other than those specified in item (c)]		17,572.04	17,572.04	-
	(b)	Other current liabilities			9,018.88	(17,572.04)	26,590.92
	(c)	Provisions			532.79	-	532.79
	(d)	Current Tax Liabilities (Net)			-	-	-
					136,953.67	-	**136,953.67**
		Total Equity and Liabilities			**348,741.46**	(467.54)	**349,209.00**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements.

Reconciliation of total comprehensive income for the year ended 31st March, 2016

(₹ in Lakh)

	Particulars	**Notes to first-time adoption**	**As per Ind AS**	**Ind AS effect**	**As per Previous GAAP**
I	Revenue From Operations	6,7,8	117,834.79	(1,190.92)	119,025.71
II	Other Income	8	1,188.38	696.03	492.35
III	Total Income (I+II)		119,023.17	(494.89)	119,518.06
IV	EXPENSES				
	Cost of materials consumed		75,153.98	-	75,153.98
	Purchases of Stock-in-Trade		-	-	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress		5,797.69	-	5,797.69
	Excise Duty	6	10,469.87	-	10,469.87

	Employee benefits expense	9	11,290.06	(161.11)	11,451.17
	Finance costs	5	24,328.04	(182.14)	24,510.18
	Depreciation and amortization expense	10	10,508.63	11.93	10,496.70
	Other expenses	3,7,10	14,557.67	(533.63)	15,091.30
	Total expenses (IV)		152,105.94	(864.95)	152,970.89
V	Profit / (loss) before exceptional items and tax (III-IV)		(33,082.77)	370.06	(33,452.83)
VI	Exceptional Items		-	-	-
VII	Profit / (loss) before tax (V-VI)		(33,082.77)	370.06	(33,452.83)
VIII	Tax expense:				
	(1) Current tax		-	-	-
	(2) Deferred tax		63.04	63.04	-
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)		(33,145.80)	307.03	(33,452.83)
X	Profit / (Loss) from discontinuing operations		-	-	-
XI	Tax expense of discontinued operations		-	-	-
XII	Profit / (loss) from discontinuing operations (after tax) (X-XI)		-	-	-
XIII	Profit / (loss) for the year (IX+XII)		(33,145.80)	307.03	(33,452.83)
XIV	Other Comprehensive Income	9	(161.11)	(161.11)	-
XV	Total Comprehensive Income for the year (XIII+XIV) [Comprising Profit (Loss) and Other Comprehensive Income for the year]		(33,306.92)	145.91	(33,452.83)

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements.

Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015

(₹ in Lakh)

Particulars	Notes to first-time adoption	31st March, 2016	1st April, 2015
Equity as per previous GAAP		**20,321.69**	**52,752.93**
Reclassification of 0.01% Convertible Preference Shares being compound financial instrument	1	(1,598.41)	(1,427.15)
Depreciation on Spares parts, Stand -by & Service Equipments capitalised	3	(178.92)	(113.44)
Prior Period Errors adjusted on 01.04.2015	4	(377.23)	644.36
Borrowings - Transaction Cost Adjustments	5	182.14	-
Tax effects of adjustments	5	(63.04)	-
Reversal of Consumption of Spares parts, stand -by & service equipments qualifying as Property, Plant & Equipment	3	91.10	-

Difference in treatment of lease rent	10	1.19	-
Depreciation on assets retired from active	11	(3.68)	(3.68)
Deferred Tax on Equity Component of Preference Shares	2	(185.95)	(245.22)
Equity as per Ind AS		**18,188.89**	**51,607.80**

Reconciliation of total comprehensive income for the year ended 31st March, 2016

(₹ in Lakh)

Particulars	Notes to first-time adoption	31st. March, 2016
Loss as per previous GAAP		(33,452.83)
Reversal of Consumption of Spares parts, stand -by & service equipments qualifying as Property, Plant & Equipment	3	91.10
Depreciation on spares parts, stand - by & service equipments capitalised	3	(65.48)
Borrowings - Transaction Cost Adjustments	5	182.14
Tax effects of adjustments	5	(63.04)
Difference in treatment of lease rent	10	1.19
Remeasurements of Post-employment Benefit Obligations	9	161.11
Loss as per Ind AS		**(33,145.80)**
Other Comprehensive Income	9	(161.11)
Total Comprehensive Income as per Ind AS		**(33,306.92)**

Impact of Ind AS adoption on the statement of cash flows for the year ended 31st March, 2016

(₹ in Lakh)

Particulars	As per Ind AS	Ind AS effect	As per Previous GAAP
Net cash flow from Operating Activities	(5,365.43)	751.36	(6,116.79)
Net cash flow from Investing Activities	(13,872.54)	(751.36)	(13,121.18)

B) Notes to first-time adoption:

Note 1: Compound financial instrument

A compound financial instrument is a non-derivative instrument which contains both a liability and an equity component. The Company has issued 0.01% Convertible Preference Shares which qualifies the conditions of a compound financial instrument. Ind AS 32 requires the issuer of such an instrument to present the liability component and the equity component separately in the balance sheet. Accordingly, the liability and equity components of preference shares have been separated using the discount rate of 12% p.a.

This has resulted in the reduction of total equity as at 31.03.2016 by ₹1,598.41 lakh (01.04.2015 - ₹1,427.15 lakh) with a corresponding increase in non-current borrowings.

Note 2: Deferred tax on equity component of compound financial instrument

Ind AS 12 requires to recognise deferred tax directly in equity on initial recognition of the equity component of a compound financial instrument. Accordingly deferred tax of ₹185.95 lakh as at 31.03.2016 (₹245.22 lakh - 01.04.2015) has been recognised directly on equity component of preference shares.

This has resulted in the reduction of the total equity by ₹185.95 lakh as at 31.03.2016 (₹245.22 lakh - 01.04.2015) with a corresponding increase in deferred tax liabilities.

Note 3: Spare parts, stand-by and service equipments

Ind AS 16 requires the items of spare parts, stand-by and service equipments meeting the definition of property, plant & equipment to recognise the same as property, plant & equipment. Accordingly, such items have been included in property, plant & equipment and excluded from inventory of stores & spares provided the rate per unit exceeds ₹1,00,000/- (Rupees one lakh only) [refer para (j) of significant accounting policies].

This has resulted in increase in property, plant & equipment net of depreciation by ₹1,774.13 lakh as at 31.03.2016 (₹1,088.26 lakh - 01.04.2015) with corresponding decrease in inventory of stores & spares by ₹1,861.95 lakh as at 31.03.2016 (₹1201.69 lakh – 01.04.2015), decrease in total equity by ₹87.82 lakh as at 31.03.2016 (₹113.44 lakh – 01.04.2015) and decrease in loss by ₹25.62 lakh for the year ended 31.03.2016.

Note 4: Prior period errors

Ind AS 8 requires an entity to correct material prior period errors retrospectively in the first set of financial statements by restating the opening balances of assets, liabilities and equity. Accordingly, the write back of depreciation during 2015-16 due to change in useful life of certain assets and change in value of leasehold premium has been adjusted against retained earnings.

This has resulted in decrease in total equity by ₹377.23 lakh as at 31.03.2016 (increase in equity by ₹644.36 lakh – 01.04.2015) with corresponding increase in property, plant & equipment by ₹1021.59 lakh as at 01.04.2015 which is neutralized during 2015-16 and decrease in leasehold premium by ₹377.23 lakh as at 31.03.2016 (₹377.23 lakh – 01.04.2015).

Note 5: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transactions were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31.03.2016 have been reduced by ₹182.14 lakh with corresponding decrease in loss of ₹119.10 lakh for the year ended 31.03.2016, increase in total equity by ₹119.10 lakh as at 31.03.2016 and increase in deferred tax liability by ₹63.04 lakh as at 31.03.2016.

Note 6: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS 18, revenue from sale of products is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31.03.2016 by ₹10,469.87 lakh. There is no impact on the total equity and profit.

Note 7: Volume discount

Ind AS 18 requires the revenue to be shown net of trade discounts and volume rebates allowed. Accordingly, volume discounts shown separately as expense under previous GAAP amounting to ₹494.89 lakh for the year ended 31.03.2016 has been shown by way of deduction from revenue from operation. There is no impact on the total equity and profit.

Note 8: Export incentives

Under previous GAAP, export incentive was shown as part of sale of products. Since export incentives are in the nature of government grant, Ind AS 20 requires the same to be shown under the general heading "Other income". Accordingly, revenue from operation has been reduced by ₹696.03 lakh with a corresponding increase in other income. There is no impact on the total equity and profit.

Note 9: Remeasurements of post-employment benefit obligations

Under Ind AS 19, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31.03.2016 has been decreased by ₹161.11 lakh with corresponding adjustment in other comprehensive income resulting in no impact on the total equity.

Note 10: Leasehold Land

Leasehold land, being long-term in nature and in the absence of any specific standard, was being classified as fixed assets under previous GAAP. In contrast, Ind AS 17 requires an entity to assess the classification of leasehold land as finance or operating leases in accordance with the classification rules mentioned therein.

Based on assessment, the leasehold lands have been treated as operating leases and accordingly lease payments have been recognised as prepaid leasehold premium which is expensed on a straight line basis over the lease term. This has resulted in decrease in the value of property, plant and equipment by ₹4,149.59 lakh as at 31.03.2016 (₹4,203.14 lakh – 01.04.2015) with corresponding increase in other non-current financial assets by ₹3,721.19 lakh (₹3,773.55 lakh – 01.04.2015), other current financial assets by ₹52.36 lakh (₹52.36 lakh – 01.04.2015), decrease in loss by ₹1.19 lakh for the year ended 31.03.2016 and increase in total equity as at 31.03.2016 by ₹1.19 lakh.

Note 11: Assets retired from active use

Under previous GAAP, no depreciation was charged on assets retired from active use. But Ind AS 16 requires that depreciation does not cease when the asset is retired from active use unless the asset is fully depreciated.

Accordingly, assets retired from active has been fully depreciated resulting in reduction of property, plant and equipment by ₹3.68 lakh as at 31.03.2016 (₹3.68 lakh as at 01.04.2015) with a corresponding decrease in total equity by same amount as at 31.03.2016 as well as at 01.04.2015.

B) Exemptions availed

i) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value as at the date of transition to Ind AS i.e., 1st April, 2015.

ii) Ind AS 101 permits a first-time adopter to apply the requirements of Ind AS 109 prospectively to loan transactions entered into on or after the date of transition to Ind AS.

Accordingly, on transition to Ind AS, the Company has elected to apply the requirements of Ind AS 109 prospectively to loan transactions entered into on or after the date of transition to Ind AS i.e., 1st April, 2015.

For Singh Ray Mishra & Co.

For and on behalf of Board of Directors

Chartered Accountants
FRN - 318121E

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(CA Saunak Ray)	**(D.P. Parija)**	**(S.B. Jagdale)**	**(P. K. Jain)**	**(S. S. Mohanty)**
Partner M. No. 053815	Company Secretary	Jt. Managing Director	Director	Vice Chairman & Managing Director

Place : Bhubaneswar
Date :24.05.2017