

Neelachal Ispat Nigam Ltd.

# Annual Report 2018-2019



**NEELACHAL ISPAT NIGAM LIMITED**



# CONTENTS

Board of Directors	01 - 01
Directors' Report	02 - 15
Corporate Governance Report	16 - 19
Independent Auditors' Report	20 - 29
Comments of C&AG	30 - 30
Secretarial Auditors' Report	31 - 39
Extract of Annual Return (MGT-9)	40 - 45
Annual Accounts with Notes	46 - 77

## BOARD OF DIRECTORS

(as on 13.08.2019)

Shri Ved Prakash, Chairman  
Shri S. S. Mohanty Vice Chairman & MD  
Shri D. P. Bagchi  
Shri S. D. Kapoor  
Dr. R. C. Roy  
Shri R. K. Sharma, IAS  
Shri N. B. Jawale, IAS  
Shri A. Sondhi  
Shri. U. Sharma  
Shri J. Ravi Shanker  
Shri S. Mohanty  
Shri P. K. Satpathy  
Shri S. B. Jagdale, Jt. Managing Director  
Shri S.V. Shahi, Director (Finance)

## COMPANY SECRETARY

Shri L. K. Mohanty

## BANKERS

State Bank of India  
Allahabad Bank  
Indian Overseas Bank  
Oriental Bank of Commerce  
Bank of Baroda  
Central Bank of India  
Indian Bank  
Union Bank of India  
IndusInd Bank

## 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  
CIN:U27109OR1982GOI001050

## 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. Flat No – 207, Krishna Mansion  
Jharpada, Bhubaneswar – 751 006

## COST AUDITORS

M/s. Niran & Co.,  
Cost Accountants,  
ESEN Den, 475, Aiginia,  
Asiana Plaza Entry,  
Khandagiri,  
Bhubaneswar – 751019

## SECRETARIAL AUDITORS

M/s. Deba Mohapatra & Co.  
Company Secretaries  
Plot No. – VIM - 79,  
Sailashree Vihar,  
Bhubaneswar, Odisha – 751021.

## DIRECTORS' REPORT

### Dear Members,

The Board of Directors hereby present the 37<sup>th</sup> Annual Report on the business and operations of your company along with the Audited Financial Statements for the Financial Year ended March 31' 2019.

### Financial Results

The financial performance of your company for the year ended 31<sup>st</sup> March, 2019 is summarised below :

(₹ in Crore)

Particulars	Year ended 31 <sup>st</sup> March'2019	Year ended 31 <sup>st</sup> March'2018
a) Total Income	2025.32	955.14
b) Total Expenditure	2626.05	1518.38
c) Operating Profit/Loss	13.91	2.48
d) Add : Interest	466.25	392.31
e) Cash Loss	452.34	389.83
f) Add : Depreciation	150.52	173.88
g) Loss Before Tax	602.86	563.71
h) Provision for Tax		
- Deferred	(-)199.28	(-)188.28
i) Loss After Tax	403.58	375.43

### Business

Your company achieved a turnover of ₹2025.32 Cr. during 2018-19 against ₹955.14 Cr. in the corresponding previous year 2017-18 which was highest since inception of the Company and a growth of 112.04 % over the last fiscal. Net loss after tax for the year was ₹403.58 Cr. as compared to previous year loss of ₹375.43 Cr. This was primarily due to

general recession in the economy and steel sector in particular which was further attributed by high raw material cost across the industry.

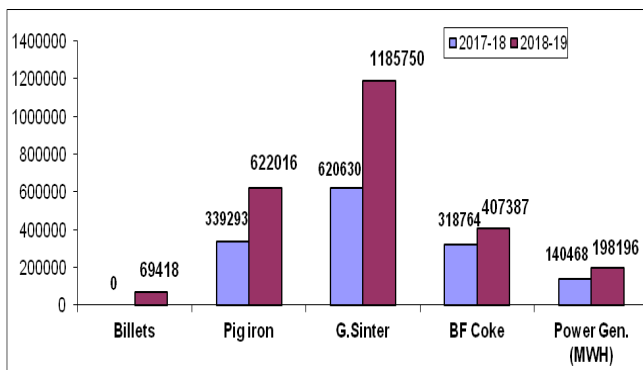
The Capital repair of blast furnace was completed in April' 2018 and made operational. The Company after getting all regulatory clearances and other processes started mining operation on 9<sup>th</sup> August, 2019. The SMS was also made operational in FY 2018-19 after shutdown. Members will also be happy to know that the Company has converted 600 Tons of TMT of Fe-500D on trial basis through the conversion agency. Higher grades of TMT Fe-550S & Fe-600 will be made after getting necessary clearances for BIS. The operation of Lime & Dolo plant is expected in this fiscal for further value addition. With sourcing of raw materials from captive mines, the Company is hopeful of better performance in this year.

### Production

Financial year 2018-19 has been a remarkable year of achievement so far as production, despatch and other aspects are concerned. With collective efforts the Company achieved production of (a) 767010 t of Hot metal (b) 622016 t of Pig iron, (c) 1185750 t of Gross sinter (d) 486175 t of Gross coke, (e) 198196 MWH of power during the year. There has been growth in almost all areas over last financial year. Also there have been improvements in techno-economic (12 Nos in various units) over last year. BF coke, inventory was controlled by way of producing to meet in-house consumption in blast furnace.

## Production highlights

- Highest Hot Metal production achieved in this Financial year (767010 t) since inception, Previous best yearly was 718680 t in 2009-10
- Second Highest Pig iron production achieved in this Financial year (622016 t) since inception, First best yearly was 656904 t in 2009-10
- Highest Liquid Steel production achieved in this Financial year (78069 t) since inception, Previous best yearly was 53159 t in 2014-15
- Highest Billet production achieved in this Financial year (69418 t) since inception, Previous best yearly was 44258 t in 2014-15
- Highest Sinter production achieved in this Financial year (1185750 t) since inception, Previous best yearly was

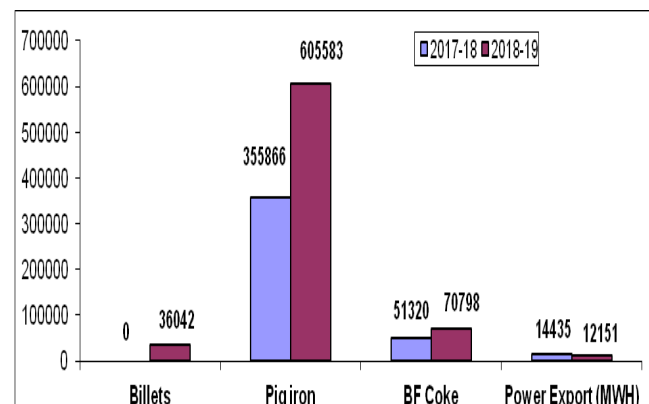


## Despatch Performance:

Your company has achieved despatch of Pig iron of 605583 t during this year. Apart from it, your company has despatched BF coke of 70798 t, 135473 t of G.slag, 29541 t of scrap, 4153 t of Nut coke, 23925t of Sinter, 20566 t of crude tar & 6864 t of Amm.sulphate during this year. Also 12151 MWH of power was exported to GRIDCO.

## Despatch highlights:

- Billets Despatch of 36042 t during this year is the second best year since inception, First best despatch was 45181t during 2016-17
- Best Billets Despatch of 19672 t achieved during May'19 which is best monthly since inception, previous best was 15925 t during Feb'19



## Best Month's Performance since inception

- Hot metal Production achieved 10 operative months out of 11 operative months.
- Pig iron production achieved 6 operative months out of 11 operative months.
- Sinter production achieved 8 operative month out of 11 operative months
- Liquid steel production achieved in all 4 operative months (Dec'18 to Mar'19)
- Billets production achieved in all 4 operative months (Dec'18 to Mar'19)
- Highest I/O Fines received in Aug'18
- Highest Dolomite received in July'18

## Other Highlights

- Highest I/O Fines received in this Financial Year (1114384 t) since inception, Previous best yearly was 1020826 t in 2013-14.

- Highest Lime stone received in this Financial year (118094 t) since inception, Previous best yearly was 113961 t in 2006-07
- Highest Dolomite received in this Financial year (133899 t) since inception, Previous best yearly was 120239 in 2013-14
- Highest Wagon tipping (RMHS) in this Financial year (21361 nos) since inception, Previous best was 21209 nos in 2013-14

## Project

During the financial year 2018-19, following facilities were taken up for completion of balance project jobs of SMS.

- NINL has already taken prompt action of balance supply/erection activities directly by engaging the principal contractor's vendors & agencies to complete the Lime & Dolo Plant at the Risk & Cost of M/s Terruzzi. Completion status of LDCP as follows:
  - Balance erection work of mechanical, electrical and instrumentation activities are complete. All these balance erection work were done on priority by deployment of sufficient manpower by the agencies. Testing and trial run of individual equipments have already been started in different systems of LDCP.
  - LOI issued to M/s ABB (the original supplier) for development of software, testing and commissioning of all drive panels, PLC & MCC. New software development for kiln operation is under final stage.
  - Common system software is made ready by ABB which is expected at site shortly for implementation. Kiln operation software is under development and progress is around 70%.

- LTE is processed against balance activities for overall integrated testing & commissioning of LDCP along with 6 month post commissioning manpower support.
- Testing & trial run of LD gas mixing station near Power Plant has been completed which will be linked to the Gas Holder process.
- Balance work of Gas Holder and retest of internal equipment done which is found satisfactory. Final painting of Gas Holder shell and peripheral structurals will be started soon.
- Commissioning of CCTV (Pkg -067DR1) has been done and handed over to SMS.
- Testing & trial run of FDA system in SMS done successfully.
- Contract closing proceedings in different packages of SMS is being taken up jointly with consultant MECON.

## Mining

The mining lease granted over an area of 874.290 hect. in Sundargarh and Keonjhar district was executed on 11.01.17 for period of 50 years for Iron ore mining.

The Company has received Stage-I & Stage-II Forest Clearance granted by MoEF & CC, Govt. of India, New Delhi. After getting necessary clearances, the mining operation started on 9<sup>th</sup> August, 2019.

## Global Steel Industry Outlook:

Global steel markets continued their recovery starting financial year 2017-18. Chinese steel demand continues to decelerate as the combined effect of economic rebalancing and trade tension is leading to slowing investment and sluggish manufacturing performance. Steel demand in the developed economies grew by 1.8% in 2018 following a resilient 3.1% growth in 2017.

It is expected that the demand to further decelerate to 0.3% in 2019 and 0.7% in 2020, reflecting a deteriorating trade environment. Steel demand in the emerging economies excluding China is expected to grow by 2.9% and 4.6% in 2019 and 2020 respectively. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. In the ASEAN region, infrastructure development supports demand for steel.

### **Indian Steel Industry:**

Indian Steel industry saw a downtrend in demand from 2009 till 2015. A major reason was higher imports. Anti-dumping duty and production cut in China saw a revival in demand in the Indian steel sector. Further, India's natural advantage of iron ore mines gives a larger scope for development. The steel sector needs more boost from state governments including faster processing of mine leases by the state authorities.

Having overcome the shocks of demonetisation and the Goods & Services Tax (GST) implementation, the Indian economy is now expected to achieve faster growth starting in the second half of 2019 after the election. While the fiscal deficit might weigh on public investment to an extent, the wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020.

Indian prospects continue to remain bright as the Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100 per cent Foreign Direct Investment (FDI) in the steel sector under the automatic route. India's per capita consumption of steel grew to 68.9 kgs, during 2017-18. National Steel Policy 2017 issued by

Govt. intends to increase the per capita steel consumption to 160 kgs by 2030-31. Public investment, government initiatives such as Make in India, Smart Cities and focus on rural development will further augment the growth in many folds. The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

India was the world's second-largest steel producer with production standing at 106.5 MT in 2018. In FY19, India produced 131.72 million tonnes (MT) and 106.56 MT of gross finished steel and crude steel, respectively. Steel consumption is expected to grow 7.1 per cent year-on-year to 102.8 MT in 2019F. India's steel production is expected to increase from 106.56 MT in FY19 to 128.6 MT by 2021. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

### **Market Size:**

India's finished steel consumption grew at a CAGR of 5.69 per cent during FY08-FY18 to reach 90.68 MT. India's crude steel and finished steel production increased to 103.13 MT and 104.98 MT in 2017-18, respectively. In 2017-18, the country's finished steel exports increased 17 per cent year-on-year to 9.62 million tonnes (MT), as compared to 8.24 MT in 2016-17. Exports and imports of finished steel stood at 0.72 MT and 1.12 MT, respectively, in FY20P (up to May).

### **Road ahead**

- Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the



- thriving automobile and railways sectors.
- Government of India's focus on infrastructure and restarting road projects will aid the boost in demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel.
- Increased import duty on most steel items by Govt., and imposed measures including anti-dumping and safeguard duties on iron and steel items will further boost the sector.

### **Achievements in FY 19:**

- Highest ever turnover of ₹ 2025.32 Cr. against ₹ 955.14 Cr. in the corresponding previous year 2017-18, a growth of 112.04 % over the last fiscal.
- Highest Hot Metal production (767010 t) since inception.
- Second Highest Pig iron production (622016 t) since inception.
- Highest Liquid Steel production (78069t) since inception.
- Highest Billet production (69418t) since inception.
- Highest Sinter production (1185750t) since inception.

### **Future Outlook of the company**

- Commencement of mining operation to reduce the raw material cost substantially
- To run Blast Furnace for consistent operation at rated capacity.
- Steel Melting Shop to operate with optimum capacity
- Sourcing of Calcined Lime and Dolo from Captive Plant for further value addition
- Value Addition through Conversion of Billets to TMT under NINL brand
- Production of Billets & pig iron depending upon market dynamics

- Conversion of Billets to TMS bars under NINL brand
- NINL has a plan to cater niche segment of billets for better realization

### **Challenges for NINL:**

Cash flow has been a major concern in the growth path of NINL inspite of best production achievements in the FY 2019. Increased raw material cost across the industry is also affecting the cost of production. Bearish market outlook also poses challenges.

### **Share capital**

During the year under review, the Authorised Share Capital of the company was ₹2000,00,00,000/- (Rupees Two Thousand Crores Only) comprising of 190,00,00,000 (One Hundred Ninety Crores) equity shares of ₹10/- (Rupees Ten Only) each aggregating to ₹1900,00,00,000/- (Rupees Nineteen Hundred Crores Only) and 10,00,00,000 (Ten Crores) convertible preference shares of ₹10/- (Rupees Ten Only) each aggregating to ₹100,00,00,000 (Rupees One Hundred Crores Only) with a coupon rate of 0.01% per annum. During the year, the company has repaid 0.01% optionally Convertible Preference Shares.

### **Dividend**

In view of the loss, your Directors did not recommend any dividend to its share holders for the financial year ended 31<sup>st</sup> March, 2019.

### **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 2018-19. The approval of the Board of Directors and Shareholders for such Related Party Transactions was taken. Suitable disclosures as required under Ind 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.

MECON has prepared a Techno-Economic Feasibility Report for a Coal Tar Distillation Plant proposed to be set up jointly by NINL with NALCO at NINL's plant premises based on the coal tar generated in its Coke Oven Plant for supply of Liquid Coal Tar Pitch. In this regard, a draft Joint Venture Agreement has been signed by NINL & NALCO. Upon receipt of necessary clearances by NALCO, JV entity will be formed and project implementation process will start.

## **Risk Management**

The company has a Risk Management Policy duly approved by the Board and has identified major focus areas for risk management to ensure that organization objectives are achieved. The objective of the policy is to assess, monitor and mitigate risk associated with the business.

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risks faced by the company.

## **Internal financial control system**

The company has in all material aspects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019.

## **Material Change and Commitments**

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

## **Significant / Material Orders passed by the Regulators**

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

## **Establishment of Vigil Mechanism**

As per provision under Section 177(9) of the Companies Act, 2013, the Company has adopted a Vigil Mechanism Policy approved by Board.

## **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;

**Cokeoven:**

- Sp.Coal consumption reduced to 1754 Kg/tBFC from 1761 Kg/tBFC
- Gross coke yield increased from 75.56% to 76.00%
- BF coke yield increased from 62.49% to 63.68%

**Blast Furnace:**

- Total Fuel consumption (Dry) reduced from 547 Kg/tHM to 543 Kg/tHM
- Productivity increased from 1.01 t/Cum/day to 1.45 t/Cum/day
- Heat consumption reduced from 463 Mcal/tHM to 462 Mcal/tHM
- Power consumption reduced from 44 Kwh/tHM to 31 Kwh/tHM

**Sinter Plant:**

- Productivity increased from 0.846 t/Sqm/hr to 1.152 t/Sqm/hr
- Heat consumption reduced from 56 Mcal/tGS to 42 Mcal/tGS
- Power consumption reduced from 75 Kwh/tGS to 55 Kwh/tGS

**Power Plant:**

- Sp.Steam consumption reduced from 3.87 t/Mwh to 3.83 t/Mwh
- Heat consumption reduced from 807 Mcal/Mwh to 797 Mcal/Mwh

**Human Resource Management & Industrial Relations**

**HR Initiatives**

- ☞ A mass communication exercise “**N-CHAMP**” has already been initiated in NINL to improve the plant performance by positive attitude, discipline, having ownership feeling and innovative ideas for cost saving at each level of work. In the programme, interaction between employees and top management being taken place in the presence of other senior officials. During the year, 6 Nos. of

“**N-CHAMP**” programmes were conducted wherein **291** employees participated in the programme and **31** valuable suggestions received from them.

- ☞ “**The Srujani**” (Employee Suggestion Scheme) has been started in NINL and continuing 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.

- ☞ Out of the 40 cases of Displaced Persons (DPs) of Common Corridor, 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. Besides, letters have been sent to Government of Odisha to settle the remaining cases by giving cash in lieu of employment.

- ☞ 17 numbers 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 2018-19, various training programmes were conducted to enhance the technical and behavioural skill of the employees in different cadres. Also awareness programmes were conducted at regular intervals. Some of the programmes organized during the year 2018-19 are highlighted below:

- ☞ Skill development training in Fundamentals of Blast Furnace, Burden Calculation & Distribution, Training on Refractory Technology, BOF Steel Making, Continuous Casting Plant and Casting practices, Tribology, etc.
- ☞ Behavioural Training on Team Building, Communication Skills, Self Management, Stress Management, etc. were conducted throughout the year.
- ☞ Awareness Programmes on First-Aid and Basic Life Support, Emergency Preparedness and 5 “S” etc. were also conducted to create general awareness among employees.

Besides there, some employees were also sent for various external trainings and workshops to improve upon their skills.

### **Safety**

- Zero fatal accident in the financial year 2018-19.
- Accident in 2018-19 (Non reportable – 51, Reportable – Nil).
- Severity rate in 2018-19 is 1.301.
- Frequency rate in 2018-19 is 5.530.
- Received “Ispat Suraksha Puraskar – 2018” for No fatal accident in plant for different zones for calendar year 2017 & 2018 for 4 different zones.
- National Safety day celebrated on 4<sup>th</sup> March, 2019 with various competitions and safety awareness program
- External Safety Audit conducted by third party IQEMS and raised observation complied
- Joint Inspection and Monthly safety meeting conducted at 8 departments for the year 2018-19
- Safety training imparted to 916 persons (Regular employees & contractor workers)

- On the spot safety / Tool Box Talk training imparted 21733 nos of employees at Project site and other plant site.
- Total no's of 1412 unsafe Act and unsafe conditions observed & all raised points were liquidated.
- 03 nos of Mock Drill conducted in 2018-19.
- Factory Directorate observation inspection report – complied.
- No major fire occurred during the year.
- Introduced recognition of Best Safety Performer (employee) of month in plant from April' 2018 and 12 employees have been recognized in financial year 2018-19.

### **Environment and Pollution Control Activities**

Preservation of environment is the commitment of Neelachal Ispat Nigam Ltd. By adopting green technologies, sustainable practices and continuous improvement in environmental performance, it has become possible to minimize environmental impact of its operation and product. Meeting the environmental management standard in manufacturing process and operation enables to achieve ISO 14001 certification. Various steps have been taken to increase green cover inside plant premises and in peripheral areas, to minimize carbon foot print. 3R system (Recover, Reuse and Recycle) is being followed in entire plant process.

State of art pollution control equipment like Electrostatic Precipitator, Enclosed chain conveying system, Cyclone Separator, Bag Filters, Dust catcher, Multistage scrubber, Dry Fog System, Water Sprinkling system, Effluent Treatment Plant based on 100% recycling have been provided to control pollution from emission of air and water. CDCP based coke oven, HPLA based on main charging process of Coke Oven, Byproduct gas based power plant enabled energy efficient process and

controlling pollution. Quality of Ambient Air, Air & Water Emission is being monitored with Continuous Online Environment Monitoring Stations on real time basis.

Revamping of entire Gas Cleaning Plant (GCP) consisting of Dust Catcher, dust discharge system, Absorber, Multistage scrubber has been carried out during Capital Repair of Blast Furnace. This has resulted production of clean gas which is efficiently used in power generation and other process requirements. Stock House of Blast Furnace has been undertaken various modification & repair jobs to reduce fugitive emission. In order to control emission at Cast House job of Fume Extraction System has been finalized & awarded to M/s Andrew Yule & Company Ltd. (AYCL), a PSU, has expertise in this field. The Design & Engineering job has been taken up by M/s AYCL. Construction of Solar Evaporation Pond (BOD)-5 with HDPE lining to prevent ground water contamination has been completed.

Solid waste generated during plant process are either reused in plant process or disposed to authorized recyclers. Hazardous waste which cannot be reused in plant process are either disposed to authorized recycler or disposed to Common Hazardous Waste Treatment Storage Disposal Facility (CHWTSDF). E Waste are disposed periodically through SPCB authorized recycler or dismantler. Biomedical waste are disposed to Common Bio Medical Waste Treatment Facility (CBMWTF).

### 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. QUALITY CIRCLE:

Participation	No. of teams participated	Achievement
Chapter convention	9	Gold - 8 Teams, Silver- 1 Team
National convention	8	Par Excellence- 7 teams, Excellent - 1 team

### B. INTERNAL CUSTOMER SATISFACTION (ICS):

ICS module implemented in major manufacturing units of NINL

### C. Quality & Environment Management System:

Re-certification of ISO 9001-20115 & 14001-2015 standards done during the year

### Awards and Accolades

- Received “Ispat Suraksha Puraskar – 2018” for No fatal accident in plant for different zones for calendar year 2018 & 2017 for 3 different zones.
- Frequency rate reduced from 11.406 to 6.18 comparing to 2017.
- 3 numbers of mock drill conducted in 2018 as per on site emergency preparedness plan.
- 1322 members Health check up for workers has been conducted in 2018

### Corporate Social Responsibility

As a responsible corporate body, the 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.

During the year, the company has spent ₹46.81 Lakhs towards various peripheral and welfare activities.

### **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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019 and of the profit & loss of the company for the financial year ended 31<sup>st</sup> March, 2019;
- 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 and adopted the Nomination and Remuneration Policy of the Company.

### **Directors and Key Managerial Personnel**

During the year Ms. Meena Gupta, Independent Director and Shri P. K. Jain, Nominee Director of MMTC ceased to be Director w.e.f. 14.04.2018 and 14.05.2018 respectively.

Shri N. B. Jawale, Managing Director, IPICOL has been appointed as Nominee Director of IPICOL w.e.f. 16.01.2019 in place of Shri S. C. Chopra, IAS, Chairman, IPICOL.

Shri T. K. Sengupta, Nominee Director, MMTC ceased to be a Director w.e.f. 31.03.2019 consequent upon his superannuation as Director (P), MMTC. Shri J. Ravi Shanker, Director (Marketing), MMTC has been appointed as Nominee Director of MMTC in place of Shri T. K. Sengupta, w.e.f. 20.05.2019.

Dr. T. R. K. Rao, Nominee Director, NMDC ceased to be a Director w.e.f. 31.05.2019 consequent upon his superannuation as Director (Commercial), NMDC. Shri P. K. Satpathy, Director (Production), NMDC has been appointed as Nominee Director of NMDC in place of Dr. T. R. K. Rao w.e.f. 02.07.2019.

The Board places on record its deep appreciation for the commendable services and contributions made by Shri P. K. Jain, Ms. Meena Guta, Shri S. Chopra, Shri T. K. Sengupta and Dr. T. R. K. Rao, Directors during their tenure.

Shri Umesh Sharma, Director and Shri Satyajit Mohanty, 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.

During the year, Shri D. P. Parija, Company Secretary vacated office on superannuation w.e.f. 28.02.2019 and Shri L. K. Mohanty inducted as Company Secretary w.e.f. 01.03.2019.

### **Number of Meetings of Board and Audit Committee**

The Audit Committee was constituted in the year 2000. 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 and other matters as may be advised by Board for its review. 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 2018-19 by the office of the Comptroller and Auditor General of India vide letter No./CA.V/COY/CENTRAL GOVERNMENT, NISPAT(1)/644 Dated 16.08.2018.

The Statutory Auditors have completed their Audit and have submitted their report. The Statutory Auditors' Report on the accounts of the company for the financial year ended 31<sup>st</sup> March, 2019 is enclosed to the Directors' Report at "Annexure – IV".

### **Comments of C & AG**

The Comptroller and Auditor General of India (C & AG) has given "NIL" comments on the accounts of the company for the year ended 31<sup>st</sup> March, 2019 under Section 143(6) (b) of the Companies Act, 2013. A copy of the 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 2018-19 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. Deba

Mohapatra & Co., practicing Company Secretaries, Bhubaneswar as Secretarial Auditor to conduct the Secretarial Audit of the company for the financial year 2018-19. The Secretarial Audit Report in Form MR – 3 is enclosed as "Annexure – VI" which is self explanatory.

### **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.

Place : New Delhi  
Date : 13.08.2019

For and on behalf of the Board  
**Sd/-**  
**(Ved Prakash)**  
Chairman



**Form No. AOC – 2  
(FY 2018-19)**

**ANNEXURE - I**

(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		
<b>Name of the Related Party</b>	<b>MMTC Limited</b>	<b>The Odisha Mining Corporation Ltd.</b>
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. Also MMTC shall arrange domestic sale and export of products of the NINL company 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 - ₹ 7,000.00 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 - ₹ 670.00 Cr.
e) Justification for entering into such contracts or arrangements or transactions	As mentioned above.	As mentioned above.
f) Dates of approval by Board	24th May, 2018	24th May, 2018
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 29 <sup>th</sup> September, 2018.	
2. Details of material contracts or arrangement or transactions at arm's length basis : --NIL --		

**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:

CO gas flaring reduced from 0.7 % to 0.63 %

(b) Steps taken for utilizing alternate sources of energy - NA

(b) Capital investment on energy conservation equipments: No capital investment was done during the year. However; with better operational discipline as mentioned in (ii) & A (a) above, Savings of ₹ 51.24 Crs is achieved.

Sl.No	Capital investment on energy conservation equipments (₹ / Crs.)	Energy Savings	Financial Savings
1	NA	As mentioned in (ii) & A(a) above	₹ 51.24 Crs

**B. Technology Absorption:**

a) Efforts made for technology absorption

i) Technology of Steel Melting Shop (SMS) from M/S Semag Germany restarted from Dec 2018.

ii) Ladle heating furnace (LHF) from M/S Danielle was also restated as above.

b) Benefits derived (The benefits derived like product improvement, cost reduction, product development or import substitution) – With restarting of LHF, NINL produced grade specific billets to fetch better price realization.

c) Expenditure on R&D, if any – No separate expenditure is made on R&D under capital head.

d) Details of technology imported - No technology was imported during the year.

e) Year of import- NA

f) Whether imported technology fully absorbed. - The Steel Melting Shop technology imported earlier from Germany is under stabilization.

g) If not fully absorbed, areas where absorption of imported technology has not place and the reasons thereof. - Due to sluggish market condition 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 ₹73,694.50. lakhs and expenditure in foreign exchange made by the company during the year was ₹554.71 Lakhs. During the year, your company exported Pig Iron amounting to ₹37,899.61. lakhs through MMTC.

## CORPORATE GOVERNANCE

Your company is committed to follow best 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 further strengthened with the implementation of code of conduct for company, its directors and its employees.

### 1.0 Composition of Board of Directors.

Currently, the Board comprises of Fourteen members consisting of one Vice Chairman & Managing Director, one Joint Managing Director, one Director (Finance) three Independent Directors, Eight 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.

The Company complies all the requirements for calling and holding of Board Meeting and related matters.

During the year five meetings of the Board of Directors were held on 24.05.2018, 06.09.2018, 09.11.2018, 16.01.2019 and 18.03.2019.

The Directors' attendance at the Board meeting and number of directorship 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 2018-19		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	5	5	5	-
2	Shri S. S. Mohanty Vice Chairman & MD DIN 02918061	Executive	5	5	2	-
3	Shri D. P. Bagchi Director DIN 00061648	Independent	5	5	2	-
4	Ms. Meena Gupta* Director DIN 07159004 (01.04.18 to 14.04.18)	Independent	-	-	1	-
5	Dr. R. C. Roy Director DIN 03556445 (24.05.18 to 31.03.19)	Independent	5	3	-	-

# Neelachal Ispat Nigam Ltd.

Sl. No	Name of the Director	Category of Directorship	No. of Board Meetings during the year 2018-19		No. of Directorships in other Companies	No. of Committee position held in other companies
			Held	Attended		
6	Shri S. D. Kapoor Director DIN 00043634	Independent	5	5	2	-
7	Shri A Sondhi Director DIN 02653076	Non-Executive	5	5	4	-
8	Shri P. K. Jain^ Director DIN 06594855 (01.04.18 to 14.05.18)	Non-Executive	-	-	-	-
9	Shri T. K. Sengupta \$ Director DIN 07696766 (24.05.18 to 31.03.19)	Non-Executive	5	3	-	-
10	Shri Umesh Sharma Director DIN 03298909	Non-Executive	5	5	6	-
11	Shri R. K. Sharma, IAS Director DIN 02547393	Non-Executive	5	1	6	-
12	Shri S. Chopra, IAS # Director DIN 00498938 (01.04.18 to 16.01.19)	Non-Executive	3	-	7	-
13	Shri N. B. Jawale, IAS# Director DIN 03204116 (16.01.19 to 31.03.2019)	Non-Executive	2	-	8	-
14	Shri S. Mohanty Director DIN 07682761	Non-Executive	5	4	4	-
15	Dr. T. R. K. Rao Director DIN 01312449	Non-Executive	5	2	9	-
16	Shri S. V. Shahi Director (Finance) DIN 07869398	Executive	5	5	-	-
17	Shri S. B. Jagdale Jt. Managing Director DIN 07654999	Executive	5	5	-	-

\* Ms. Meena Gupta ceased to be Director w.e.f.14 April, 2018.

\*\* Shri P. K. Jain ceases to be Director w.e.f. 14 May, 2018.

\*\*\* Shri T. K. Sengupta ceased to be Director w.e.f.31<sup>st</sup> March, 2019.

\*\*\*\* Shri N. B. Jawale, IAS appointed as Director w.e.f.16<sup>th</sup> January, 2019 in place of Shri S. Chopra, IAS.

## 2.0 Committees of the Board

### 2.1. Audit Committee of Directors

The Audit Committee comprises of Five Directors including three Non-Executive Independent Directors and two Non-Executive Directors. The Chairman of the Audit Committee is Non-Executive Independent Director. 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 and other matters as may be advised by Board for its review. All the meetings of the Committee held during the year were chaired by Non-Executive Independent Director. The Company Secretary of the Company is Secretary to the Audit Committee.

The Audit Committee of Board of Directors met four times during the year under review : i.e. on 24.05.2018, 06.09.2018, 09.11.2018 and 18.03.2019. 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 31<sup>st</sup> March, 2018 are detailed below :

Name of the Member	Nature of Membership	Meeting details	
		Held	Attended
Shri D. P. Bagchi	Chairman	4	4
Shri S. D. Kapoor	Member	4	4
Dr. R. C. Roy *	Member	2	2
Shri Umesh Sharma	Member	4	4
Shri S. Mohanty	Member	4	4

\* Appointed as member of Audit Committee w.e.f. 06.09.2018.

Functional Directors Viz., Vice Chairman & Managing Director, Jt. Managing Director, Director (Finance), Statutory Auditor and Internal Auditor of the company attended the above meetings as invitees. The draft minutes of all the Audit Committee meetings were circulated to all the members for their comments/ observations if any and put up to Board in their subsequent meetings for noting. 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. Nomination & Remuneration Committee of Directors :

The Nomination and Remuneration Committee was constituted by the Board of Directors of the Company in its meeting held on 24<sup>th</sup> August, 2015 comprising of Shri D. P. Bagchi, Non-Executive Independent Director as Chairman, Shri S. D., Kapoor, Non-Executive Independent Director and Shri S. V. Shahi, Director (Finance) as members and the Company Secretary of the Company is Secretary to the Committee. On the recommendation of the Nomination and Remuneration Committee, the Board has approved and adopted a Nomination and Remuneration Policy of the Company.

During the Financial Year 2018-19, one meeting of the Committee was held on 15.01.2019.

### **2.3. Corporate Social Responsibility (CSR) Committee of Directors :**

The Corporate Social Responsibility (CSR) Committee of the company comprises of Four members with Shri D. P. Bagchi, Independent Director as Chairman, Shri S. S. Mohanty, Vice Chairman & Managing Director, Shri S. B. Jagdale, Jt. Managing Director and Shri S. V. Shahi, Director (Finance) as members. The Company Secretary of the Company is Secretary to the Committee.

The Board has adopted Corporate Social Responsibility (CSR) policy in line with Companies Act and Statutory requirement applicable to the Company. Though there was no obligation for the company to spend any amount in CSR activities as per the criteria for CSR contribution, NINL is spending towards different peripheral / welfare activities on case to case basis and during the year the company has spent ₹ 46.81 lakhs towards various peripheral and welfare activities

### **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 and implementation of various capital repairs and new projects including 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 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. The Primary objective of the Committee is to review the progress of phase –II project and advise to the Board as and when required.

### **2.5 Other Board Sub-Committees :**

The Board of Directors has also constituted the sub-committee of Directors viz : Bond / Debenture Committee of Directors, Standing Committee, Risk Management Committee, Committee of Directors for Mobilisation of Funds and Allotment of Shares and Committee of Directors on Construction of Corporate Office at Bhubaneswar. During the year under review, one meeting of Risk Management Committee was held on 15.01.2019.

### **2.6. Meeting of Independent Directors:**

A meeting of the Independent Directors was held on 18.03.2019 to evaluate the performance of the Directors and to review compliance under provisions of the Companies Act, 2013. The Committee noted their performance as satisfactory. The Committee also noted compliance of the relevant provisions of Secretarial Standards on meetings of the Board (SS – 1) and of the Companies Act, 2013.

### **2.7 Trustees to the Bondholders :**

- i) Indian Bank, Main Branch, G - 41, Connaught Circus, New Delhi - 110 001, Tel. – 011 - 23712156 – Trustee of Bondholders of NINL Bonds 2021 issued for ₹ 200 Cr. during the year 2009 (Present outstanding amount ₹ 100 Cr. after repayment of 2 installments of 1/4<sup>th</sup> redemption).
- ii) SBI CAP Trustee Company Limited, Apeejay House, 6<sup>th</sup> Floor, West Wing, 3, Denshaw Wachha Road, Churchgate, Mumbai - 400 020 Tel. – 022-43025566 – Trustee of Bondholders of NINL Bonds 2024 issued for ₹ 200 Cr. during the year 2014.

# SINGH RAY MISHRA & CO.

## CHARTERED ACCOUNTANTS

H.O.: Flat No.-207, Krishna Mansion, Jharpada, Bhubaneswar-751006

Ph.:Off. 2533439, Res.: 2577663, Fax: 0674-2381800, Mob: 9437003439, Email:srmbbsr@gmail.com

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### INDEPENDENT AUDITORS' REPORT

To

**The Members of Neelachal Ispat Nigam Limited**

**Report on the Audit of the Ind AS Financial Statements**

#### Opinion

We have audited the accompanying Ind AS financial statements of Neelachal Ispat Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and Loss (financial performance including other comprehensive income), the change in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management for 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 & loss (financial performance including other comprehensive income), statement of changes in equity and cash flows 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 read with the relevant rules issued thereunder.

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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure-1**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 explanation given to us in the "**Annexure-2**" on the directions issued by 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 of the aforesaid Ind AS Financial Statement.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS Financial Statements 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 the statement of change in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the IndAS Financial Statements.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) We are informed that the provision of section 164(2) of the Act in respect of disqualification of the directors are not applicable to the company, being a Government Company in the terms of notification no G.S.R 463(E) dated 5<sup>th</sup> June 2015, issued by 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 IndAS financial statements vide Note 31(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. Since the Company does not have to transfer any amount to Investor Education & Protection Fund as required under section 125(2) of the Companies Act, 2013 (previously section 205C of the Companies Act, 1956), the delay in transferring any amount to the Fund does not arise.

Place of Signature: New Delhi  
Date: 27/05/2019

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

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

## Annexure - 1 to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of Neelachal Ispat Nigam Limited on the Ind AS financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has 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 fixed assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory 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 this, 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 provisions of section 185 and 186 of the Act were applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014, prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and cost 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) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods & Service Tax, Cess and other Statutory dues as applicable, with the appropriate authorities. However, undisputed dues of Service Tax amounting to ₹6.76 lakh are outstanding as on 31<sup>st</sup> March 2019 for a period more than six months from the date it became payable.
- (b) The disputed Statutory dues aggregating to ₹40,490.11 lakh (net of deposits) that have not been deposited on account of matters pending before appropriate Authorities are annexed in **Appendix A** with this report.

- (viii) As per information and explanations given by the Management, the Company has not paid dues to financial institution, banks, and Government or Bondholders amounting to ₹ ₹1,187.72lakh towards the interest as on 31<sup>st</sup> March 2019. Lenderwise details are as under:

*₹ in lakh*

Sl. No.	Name of the lender	Interest
1	State Bank of India	504.20
2	Indian Bank	1.97
3	Union Bank of India	120.58
4	Allahabad Bank	329.84
5	Odisha Mining Corporation Ltd.	133.19
6	Dena Bank	97.94
	<b>Total</b>	<b>1,187.72</b>

- (ix) As per 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 did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3 (ix) of the Order is not applicable.
- (x) 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 cases of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) As informed, the provisions of section 197 of the Act 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 5<sup>th</sup> June 2015.
- (xii) The Company is not a Nidhi company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) 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 section 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;
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) 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. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Place of Signature: New Delhi

Date: 27/05/2019

**Annexure-2 to the Independent Auditors' Report****Report pursuant to Direction under section 143(5) of Companies Act 2013 to Statutory Auditors for the Year 2018-19**

<b>SI No.</b>	<b>Directions</b>	<b>Statutory Auditors' Reply</b>
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The company has IT system in place to process all the accounting transactions through the system, but there are certain modules (viz., sales, payroll & stores) which operate on standalone basis. Output of such modules are incorporated in the Finance & Accounts module periodically. Steps are being taken by the management for complete integration of all modules.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No.
3	Whether funds received/receivable for specific schemes from Central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No fund has been received / receivable by the company towards special schemes from Central / State Agencies.

Place of Signature: New Delhi

Date: 27/05/2019

**For Singh Ray Mishra &Co**  
Chartered Accountants  
FRN. 318121E**Sd/-**  
**(CA. Saunak Ray)**  
Partner  
Membership No. 053815

## **Annexure - 3 to the Independent Auditors' Report**

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

In conjunction with our Audit of the Ind AS financial statements of the Company for the year ended on 31.03.2019. We have audited the internal financial controls over financial reporting of Neelachal Ispat Nigam Limited ("**the Company**") as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal Financial controls based on the internal control over Financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal Financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's Policies, safeguarding of its Assets, 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 Ind AS Financial statements, whether due to fraud or error.

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

## Meaning of Internal Financial Controls over Financial Reporting

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

## 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 31<sup>st</sup> March 2019, 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 of Signature: New Delhi

Date: 27/05/2019

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

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

APPENDIX- A- DISPUTED STATUTORY DUES

	Name of the Statute	Total Contingent Liability (₹/lakh)	Period to which it relates	Name of the Appellate Authority
1	OST,CST,VAT Act	1,009.63	CST (2002-03)	Odisha sales tax Tribunal
		3,116.97	CST (2003-04)	
		117.98	VAT (2005 -06)	
	<b>Total (A)</b>	<b>4,244.58</b>		
2	OST,CST,VAT Act	35.31	2004-05	Dy. Commissioner of Commercial tax
		<b>Total (B)</b>	<b>35.31</b>	
3	Entry Tax Act	2,278.40	2008-09 to 2015-16	Odisha sales tax Tribunal
		<b>Total (C)</b>	<b>2,278.40</b>	
4	Entry Tax Act	827.60	2003-04	Odisha Sales tax Tribunal
		400.13	2004-05	
		123.57	2005-06	
	<b>Total (D)</b>	<b>1,351.30</b>		
5	Entry Tax Act	138.72	2013-15	Addl. Commissioner of Commercial tax
		<b>Total (E)</b>	<b>138.72</b>	
6	Central Excise Duty	11,769.64	2005-06 to 2007-08	Hon'ble High Court of Odisha
		6,676.88	2001-02	
	<b>Total (F)</b>	<b>18,446.52</b>		
7	Central Excise Duty	1,520.70	2013-14 & 2014-15	CESTAT
		665.47	2015-16	
		9.32	2017-18	
		49.14	2011-12	
	<b>Total (G)</b>	<b>2,244.63</b>		
8	Central Excise Duty	129.46	2006-07	Commissioner of Central Excise (Appeal)
		224.99	2016-17	
		11,364.47	2008-09	
	<b>Total (H)</b>	<b>11,718.92</b>		
9	Central Excise Duty	3.47	2016-17	Asst. Commissioner of Central Excise
		<b>Total (I)</b>	<b>3.47</b>	
10	Income Tax Act (TDS )	28.26	2007-08 to 2017-18	Dy. Commissioner of Income Tax (TDS)
		<b>Total (J)</b>	<b>28.26</b>	
	<b>GRAND TOTAL (A+B+C+D+E+F+G+H+I+J)</b>	<b>40,490.11</b>		



गोपनीय

संख्या 1243/रिपोर्ट/01-56(NINL)/2019-20  
महानिदेशक, वाणिज्यिक लेखा-परीक्षा  
तथा पदेन सदस्य, लेखा-परीक्षा बोर्ड-1, का कार्यालय  
1, काउन्सिल हाउस स्ट्रीट  
कोलकाता - 700 001

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

सेवा में,

दिनांक/dated: 08 Aug 2019

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

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अधीन Neelachal Ispat Nigam Limited के वर्ष 2018-19 के लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

कम्पनी अधिनियम विधि 2013 की धारा 143(6)(b) के अन्तर्गत 31 मार्च को समाप्त वर्ष 2018-19 के लिये निलाचल इस्पात निगम लिमिटेड (Neelachal Ispat Nigam Limited) के लेखों पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ प्रेषित की जाती हैं।

कृप्या इस पत्र का पावती भेजें।

अनु: यथोपरि।

भवदीया,  
Sd/-  
(सुपर्णा देब)

महानिदेशक, वाणिज्यिक लेखापरीक्षा  
तथा पदेन सदस्य, लेखापरीक्षा बोर्ड-1  
कोलकाता



**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 FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of financial statements of Neelachal Ispat Nigam Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 the 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 27 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Neelachal Ispat Nigam Limited for the year ended 31 March 2019 under section 143(6) (a) of the Act. 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

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

Sd/-  
**(Suparna Deb)**  
Director General of Commercial Audit  
& Ex-officio Member, Audit Board-I  
Kolkata

Place : Kolkata

Date : 08.08.2019

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR 2018-19**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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 Ltd** (hereinafter called 'the Company') for the financial year ended **31<sup>st</sup> March, 2019**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliance 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 31<sup>st</sup> March, 2019, 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 the Company for the financial year ended on 31<sup>st</sup> March, 2019, according to the provisions of:

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

- (vi) The following Agreement, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act'):-
- a). The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;
  - 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)**
  - d). The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - e). The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
  - f). The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g). The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
  - h). The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - l). The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vii) The other laws as may be applicable specifically to the Company are:
- a. Legal Metrology Act, 2009;
  - b. The Water (Prevention & Control of Pollution Act), 1974;
  - c. The Hazardous Wastes (Management and Handling) Rules, 1989;
  - d. Indian Boilers 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 Agreements 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:

*In compliance with the provisions of Section 149(1) of the Companies Act, 2013 and the rules made there under, Ms. Meena Gupta was the director of the company from the period 15/04/2015 to dt.14/04/2018.*

*However, as per information provided to us the Company is in the process of inducting one Woman Director after her vacation from office.*

## **BOARD COMPOSITION:**

During the financial year under review, the Board of Directors of the Company consisted of the following Directors:

<b>LIST OF DIRECTORS DURING THE FINANCIAL YEAR</b>				
<b>Sl. No</b>	<b>Name of the Directors</b>	<b>Positions Held</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
1.	Shri Ved Prakash	Chairman	30/10/2010	-
2.	Shri Sashi Shekhar Mohanty	Vice Chairman & Managing Director	05/10/2016	-
3.	Shri Debi Prasad Bagchi	Independent Director	21/02/2005	-
4.	Shri Shiv Dayal Kapoor	Independent Director	13/05/2015	-
5.	Ms. Meena Gupta	Independent Director	15/04/2015	14/04/2018
6.	Shri Ashwani Sondhi	Nominee Director	02/11/2016	-
7.	Shri P.K. Jain	Nominee Director	13/05/2015	14/05/2018
8.	Shri Umesh Sharma	Nominee Director	08/11/2017	-
9.	Shri Raj Kumar Sharma	Nominee Director	07/01/2015	-
10.	Shri Sanjeev Chopra	Nominee Director	21/02/2005	16/01/2019
11.	Shri Satyajit Mohanty	Nominee Director	08/11/2017	-
12.	Shri Ramakishan Rao Tanugula	Nominee Director	02/03/2016	-
13.	Shri Shashikant B. Jagdale	Joint Managing Director	04/10/2016	-
14.	Shri Shesh Vinay Shahi	Whole-time Director	21/07/2017	-
15.	Shri Nitin Bhanudas Jawale	Nominee Director	16/01/2019	-
16.	Shri Ramesh Chandra Roy	Director	24/05/2018	-
17.	Shri Ravi Shanker Janardhanan	Nominee Director	20/05/2019	-
18.	Tapas Kumar Sengupta	Nominee Director	24/05/2018	31/03/2019

We further report that:

Shri S. D. Kapoor was appointed as an Independent Director for a term of up to three (3) years w.e.f. 13.05.2015 has been reappointed for another term of 3 years w.e.f. 13.05.2018 to 12.05.2021 at 159<sup>th</sup> meeting of Board of Directors of the Company held on 24.05.2018

Appointment of Shri Ramesh Roy as Independent Director for a term of three years from 24.05.2018 to 23.05.2021 on the Board of Directors of the Company as per provisions of the Companies Act, 2013 at 159<sup>th</sup> meeting of Board of Directors of the Company held on 24.05.2018.

Appointment of Shri Umesh Sharma, Shri Satyajit Mohanty, Shri Tapas Kumar Sengupta who were appointed as the Additional Directors of the Company are appointed as the Directors of the Company during the financial year at 36<sup>th</sup> Annual General Meeting held on 29.09.2018.

The Composition of the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors & Independent Directors in compliance with the provisions of Section 149 of the Companies Act, 2013. The changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 for the Financial Year 2018-19.

**BOARD MEETING:**

During the financial year under review, Five(5) meetings of the Board of Directors i.e. from 159<sup>th</sup> to 163<sup>th</sup> were held on 24<sup>th</sup> May 2018, 6<sup>th</sup> September 2018, 9<sup>th</sup> November 2018, 16<sup>th</sup> January 2019, 18<sup>th</sup> March 2019 respectively.

For all the Board meetings, adequate notice was given to all Directors. Agenda and detailed notes on agenda were sent to all the Directors, in compliance with the provisions of the Companies Act and the Secretarial Standards and the Company has a system existing, for seeking and obtaining further information and clarifications on the agenda items placed before the meetings for the meaningful participation at the meetings.

All the meetings were convened as per the provisions of the Companies Act, 2013. The requisite Quorum was present in all the Board Meetings held during the financial year as per provisions of the Companies Act, 2013.

All decisions at the Board Meetings were carried out unanimously and recorded in the minute's book of the meeting.

**SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:**

As per the provisions of Section 149(8) read with Clause VII of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors of the Company was held on 18<sup>th</sup> March, 2019.

The meeting of the Independent Directors of the Company consists of the following members:

- Shri Debi Prasad Bagchi, Independent Director
- Shri Shiv Dayal Kapoor, Independent Director
- Dr. Ramesh Chandra Roy, Independent Director

**STATUTORY COMMITTEES OF THE BOARD:**

**(i) Audit Committee:**

At the beginning of the year, the Audit Committee of the Board of Directors of the Company consisted of the following members:

- Shri Debi Prasad Bagchi, Independent Director & Chairman

- Shri Shiv Dayal Kapoor, Independent Director-Member
- Ms. Meena Gupta, Independent Director-Member
- Shri Umesh Sharma, Nominee Director-Member
- Shri Satyajit Mohanty, Nominee Director-Member

Thereafter, the Audit Committee of the Company has been reconstituted by the Board of Directors in its 160th Board Meeting held on 6th September 2018 by induction of Dr. Ramesh Chandra Roy, as member of the Audit Committee.

Accordingly, the Audit Committee of the Board of Directors of the Company comprised of the following members at the end of the financial year under review:

- Shri Debi Prasad Bagchi, Independent Director & Chairman
- Shri Shiv Dayal Kapoor, Independent Director- Member
- Shri Umesh Sharma, Nominee Director- Member
- Shri Satyajit Mohanty, Nominee Director- Member
- Dr Ramesh Chandra Roy, Independent Director-Member

During the financial year, Four (4) meetings of the Audit Committee i.e. from 78<sup>th</sup> to 81<sup>st</sup> were held on 24<sup>th</sup> May 2018, 6<sup>th</sup> September 2018, 9<sup>th</sup> November 2018, 18<sup>th</sup> March 2019.

Agenda and detailed notes on agenda were sent 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.

Adequate Notice for the Audit Committee Meetings was sent to all the Members of the Committee.

All decisions at the Committee Meetings were carried out unanimously and recorded in the minutes book of the respective Committee Meetings.

### **(ii) Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee of the Board of Directors of the Company consists of the following members:

- Shri Debi Prasad Bagchi–Independent Director & Chairman
- Shri Shiv Dayal Kapoor - Independent Director-Member
- Shri Shesh Vinay Shahi–Director (Finance)-Member

During the financial year, one (1) meeting of the Nomination and Remuneration Committee i.e. 3<sup>rd</sup> meeting was held on 15<sup>th</sup> January, 2019.

Agenda and detailed notes on agenda were sent 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.

Adequate Notice for the meeting of Nomination and Remuneration Committee was sent to all the Members of the Committee.

All decisions at the Committee Meeting were carried out unanimously and recorded in the minutes book of the respective Committee Meeting.

**OTHER COMMITTEES OF THE BOARD:**

**(iii) Risk Management Committee:**

The Risk Management Committee of the Board of Directors of the Company consists of the following members:

- Shri Shiv Dayal Kapoor – Independent Director & Chairman of the Committee
- Shri Debi Prasad Bagchi -Independent Director-Member
- Shri Sashi Shekhar Mohanty- Vice Chairman & Managing Director-Member
- Shri Shesh Vinay Shahi–Director (Finance)-Member
- Shri Satyajit Mohanty –Nominee Director-Member

During the financial year, one (1) meeting of the Risk Management Committee i.e. 1<sup>st</sup> meeting was held on 15<sup>th</sup> January 2019. Leave of absence was granted to Shri Satyajit Mohanty –Director in the Meeting.

Agenda and detailed notes on agenda were sent to all the Members of the Committee well 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.

Adequate Notice for the Risk Management Committee Meeting was sent to all the Members of the Committee.

All decisions at the Committee Meeting were carried out unanimously and recorded in the minutes book of the respective Committee Meeting.

**(iv) Bond & Debenture Committee:**

The Bond & Debenture Committee of the Company comprised of the following Members:

- Shri Debi Prasad Bagchi – Independent Director & Chairman of the Committee
- Shri Sashi Shekhar Mohanty - Vice Chairman & Managing Director-Member
- Shri Shesh Vinay Shahi–Director (Finance)-Member

During the financial year, one (1) meeting of the Bond & Debenture Committee, i.e. 14<sup>th</sup> meeting was held on 6<sup>th</sup> February 2019.

Agenda and detailed notes on agenda were sent to all the Members of the Committee well 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.

Adequate Notice for the Risk Management Committee Meeting was sent to all the Members of the Committee.

All decisions at the Committee Meeting were carried out unanimously and recorded in the minutes book of the respective Committee Meeting.

All the meetings of the Board Committee were convened as per provisions of the Companies Act, 2013 and as per the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

### **CSR Activities:**

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

Further, during the period under review, the Company has repaid Second Instalment amounting to Rs. 50.00 Crores of the NINL Bond 2021 which was due on 19<sup>th</sup> February, 2019 out of balance outstanding amount of Rs. 150 Crores.

The Company has complied with all the clauses of Debt Listing Agreement relating to 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.

### **Maintenance of Statutory Records:**

All Statutory Registers, records and other registers as prescribed under various provisions of the Companies Act, 2013, the Depositories Act, 1996 and the rules made there under were kept and maintained by the Company properly with all necessary entries made therein. Provisions of these Acts were duly complied with during the period under report.

### **Filing of Statutory Returns:**

All provisions of the Act and other statutes were duly complied with regard to filing of various e-forms and returns with the Registrar of Companies within the prescribed time limit with payment of requisite/prescribed fees & additional fees.

All documents/intimations under various Statutes/Listing Regulations/ Business Rules were also regularly filed with the Stock Exchanges and Depositories (NSDL and CDSL) within the prescribed due dates.



During the financial year under review, the following other events took place which have a major bearing on the affairs of the Company:

- 1) Preference Shares of Rs.10 each redeemable in 12 equal installments commencing from 01.04.2018 and ending on 01.03.2019 have been redeemed during the financial year 2018-19.
- 2) The Board has approved the Right Issue of 30,00,00,000 equity shares of Rs.10/- each to the existing Shareholders of the Company in proportion to their existing Shareholding in the 159<sup>th</sup> Board Meeting held on 24<sup>th</sup> May 2018. But during the financial year under review there is no allotment of share on Right Issue basis.

We further report 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.

Place: Bhubaneswar

Date: 05.08.2019

**For Deba Mohapatra & Co.**  
Company Secretaries

**Sd/-**  
**CS Debadatta Mohapatra, FCS**  
Partner  
CP No. 4583, FCS No. 5474

***(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)***

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.

Place: Bhubaneswar

Date: 05.08.2019

**For Deba Mohapatra & Co.**

Company Secretaries

**Sd/-**

**CS Debadatta Mohapatra, FCS**

Partner

CP No. 4583, FCS No. 5474

**Form No. MGT – 9**  
**EXTRACT OF ANNUAL RETURN**  
As on the financial year ended on 2018-19

[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 :- 1<sup>st</sup> 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  
“Subra manian 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	78.28%

**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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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 ...	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(s) :-</b>	289,342,744	88,868,389	378,211,133	<b>65.07</b>	289,342,744	88,868,389	378,211,133	<b>65.07</b>	NIL
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other .....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2) :-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	289,342,744	88,868,389	378,211,133	<b>65.07</b>	289,342,744	88,868,389	378,211,133	<b>65.07</b>	NIL
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
<b>a) Mutual Funds</b>	-	-	-	-	-	-	-	-	-
<b>b) Banks / FI</b>									
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
<b>c) Central Govt.</b>	-	-	-	-	-	-	-	-	-
<b>d) State Govt(s)</b>	-	-	-	-	-	-	-	-	-
<b>e) Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>f) Insurance Companies</b>									
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
<b>g) FIs</b>	-	-	-	-	-	-	-	-	-
<b>h) Foreign Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1) :-</b>	<b>39,058,327</b>	<b>-</b>	<b>39,058,327</b>	<b>6.70</b>	<b>39,058,327</b>	<b>-</b>	<b>39,058,327</b>	<b>6.70</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
<b>i) Indian</b>									
Odisha Mining Corporation Ltd	-	71,598,530	71,598,530	12.32	-	71,598,530	71,598,530	12.32	NIL
NMDC Ltd	-	74,799,878	74,799,878	12.87	-	74,799,878	74,799,878	12.87	NIL
MECON Ltd	-	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
<b>ii) Overseas</b>	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
<b>i) Individual shareholders holding nominal share capital upto ₹ 1 lakh</b>									
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
<b>ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh</b>	-	-	-	-	-	-	-	-	-
<b>c) Others (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2) :-</b>	<b>-</b>	<b>170,950,683</b>	<b>170,950,683</b>	<b>28.23</b>	<b>-</b>	<b>170,950,683</b>	<b>170,950,683</b>	<b>28.23</b>	<b>NIL</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>39,058,327</b>	<b>170,950,683</b>	<b>210,009,010</b>	<b>34.93</b>	<b>39,058,327</b>	<b>170,950,683</b>	<b>210,009,010</b>	<b>34.93</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>328,401,071</b>	<b>259,819,072</b>	<b>588,220,143</b>	<b>100.00</b>	<b>328,401,071</b>	<b>259,819,072</b>	<b>588,220,143</b>	<b>100.00</b>	<b>NIL</b>

## (ii) Shareholding of Promoters.

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	MMTC Ltd	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
	<b>Total</b>	<b>378,211,133</b>	<b>65.07</b>	<b>NIL</b>	<b>378,211,133</b>	<b>65.07</b>	<b>NIL</b>	<b>65.07</b>

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

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

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

Sl. No.	Top 10 Shareholders *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NMDC Ltd	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 Ltd	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 01.04.2017 to 31.03.2018.

## (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	01.04.2018	At the beginning of the year	10	0.0000017	10	0.0000017
		31.03.2019	At the end of the year	10	0.0000017	10	0.0000017
2	Shri R. K. Sharma, IAS	01.04.2018	At the beginning of the year	100	0.000017	100	0.000017
		31.03.2019	At the end of the year	100	0.000017	100	0.000017
3	Shri S. Chopra, IAS	01.04.2018	At the beginning of the year	100	0.000017	100	0.000017
		31.03.2019	At the end of the year	-	-	-	-
4	Shri N. B. Jawale, IAS	01.04.2018	At the beginning of the year	-	-	-	-
		31.03.2019	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 01.04.2018 to 31.03.2019. Shri R. K. Sharma and Shri Sanjeev Chopra, IAS holds shares as nominee of Govt. of Odisha, Department of Steel & Mines and IPICOL respectively. Upon appointment of Shri N. B. Jawale, IAS as Director of the company in place of Shri S. Chopra, IAS, the 100 equity shares of Rs. 10/- each held by Shri S. Chopra, IAS at the beginning of the year has been transferred to Shri N. B. Jawale, IAS as on 16.01.2019.

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,03,785.03	1,42,500.00	-	3,46,285.03
ii) Interest due but not paid	5,600.57	-	-	5,600.57
iii) Interest accrue but not due	249.86	-	-	249.86
<b>Total (i+ii+iii)</b>	<b>2,09,635.46</b>	<b>1,42,500.00</b>	<b>-</b>	<b>3,52,135.46</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	(24,180.93)	-	-	(24,180.93)
<b>Net Change</b>	<b>(24,180.93)</b>	<b>-</b>	<b>-</b>	<b>(24,180.93)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,84,084.87	1,42,500.00	-	3,26,584.87
ii) Interest due but not paid	1,187.72	-	-	1,187.72
iii) Interest accrue but not due	181.94	-	-	181.94
<b>Total (i+ii+iii)</b>	<b>1,85,454.53</b>	<b>1,42,500.00</b>	<b>-</b>	<b>3,27,954.53</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(₹)

Sl. No.	Particulars of Remuneration	Name of MD / WTD/Manager			Total Amount (₹)
		Mr. S. S. Mohanty, VC & MD	Mr. S. V. Shahi, D(F) & CFO	Mr. S. B. Jagdale	
1.	Gross Salary				
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	23,17,538	21,45,155	21,72,633	66,35,326
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	6,29,772	5,66,999	5,90,106	17,86,877
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1971	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify	2,78,106	2,57,419	2,60,717	7,96,242
	Total (A)	32,25,416	29,69,573	30,23,456	92,18,445
	Ceiling as per the Act.				

**B. A.Remuneration to other Directors.**

(₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount(₹)
		Mr. D. P. Bagchi	Shri S. D. Kapoor	Shri R. C. Roy	
1	Independent Directors				
	• Fee for attending board / committee meetings	2,10,000	1,95,000	90,000	4,95,000
	• Commission				
	• Others, please specify				
	<b>Total (1)</b>	<b>2,10,000</b>	<b>1,95,000</b>	<b>90,000</b>	<b>4,95,000</b>
2	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission				
	• Others, please specify				
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1+2)</b>	<b>2,10,000</b>	<b>1,95,000</b>	<b>90,000</b>	<b>4,95,000</b>
	<b>Total Managerial Remuneration</b>				
	<b>Overall Ceiling as per the Act</b>				(₹)

**C. A.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD.**

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount(₹)
		Mr. D. P. Parija, Company Secretary	Mr. L. K. Mohanty, Company Secretary*	
1.	Gross Salary			
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	43,00,963	1,12,725	44,13,688
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,50,307	19,872	3,70,179
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1971	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify	2,25,019	12,379	2,37,398
	<b>Total (C)</b>	<b>48,76,289</b>	<b>1,44,976</b>	<b>50,21,265</b>

\* Was inducted as CS w.e.f. 01. 03.2019

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.



# **Annual Accounts For the Year 2018-2019**

## Balance Sheet as at 31st. March, 2019

(₹ in lakh)

Particulars	Note No.	As at 31st. March,2019	As at 31st. March,2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2	2,47,638.97	2,54,568.63
(b) Capital work-in-progress	3	13,801.99	19,830.08
(c) Intangible assets under development	4	17,987.19	13,090.84
(d) Financial assets			
(i) Other financial assets	5	3,759.82	9,005.14
(e) Deferred tax assets (net)	6	56,469.82	36,595.50
(f) Other non-current assets	7	7,886.01	7,985.56
		<b>3,47,543.80</b>	<b>3,41,075.75</b>
<b>(2) Current assets</b>			
(a) Inventories	8	44,636.12	33,324.44
(b) Financial assets			
(i) Cash and cash equivalents	9	5,587.00	3,587.10
(ii) Other financial assets	10	52.36	52.36
(c) Other current assets	11	4,323.02	3,417.54
		<b>54,598.50</b>	<b>40,381.44</b>
<b>Total Assets</b>		<b>4,02,142.30</b>	<b>3,81,457.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12	58,129.41	58,129.41
(b) Other Equity	13	(1,53,778.38)	(1,13,334.87)
		<b>(95,648.97)</b>	<b>(55,205.46)</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,39,782.09	1,54,387.95
(b) Provisions	15	8,473.92	6,861.99
(c) Other non-current liabilities	16	10,703.06	10,789.58
		<b>1,58,959.07</b>	<b>1,72,039.52</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	1,54,214.21	1,51,509.70
(ii) Trade payables:-			
(A) total outstanding dues of micro enterprises and small enterprises	18	383.19	252.35
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	18	23,249.53	21,392.11
(iii) Other financial liabilities [other than those specified in item (c)]	19	23,632.72	21,644.46
		<b>33,958.23</b>	<b>48,242.64</b>
(b) Other current liabilities	20	1,26,696.55	42,944.11
(c) Provisions	21	330.49	282.22
		<b>3,38,832.20</b>	<b>2,64,623.13</b>
<b>Total Equity and Liabilities</b>		<b>4,02,142.30</b>	<b>3,81,457.19</b>

Significant Accounting Policies

Other notes on Financial Statements

1

31

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

In terms of our report of even date

**For Singh Ray Mishra & Co.**

Chartered Accountants

FRN - 318121E

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

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

Sd/-  
**L. K. Mohanty**  
Company  
Secretary

Sd/-  
**S.V.Shahi**  
Director(Finance)

Sd/-  
**U. Sharma**  
Director

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

Place : New Delhi

Date : 27.05.2019

## Statement of Profit and Loss for the year ended 31st. March, 2019 (₹ in lakh)

Particulars	For the year ended 31st. March, 2019	For the year ended 31st. March, 2018
I Revenue From Operations	200,543.09	92,916.28
II Other Income	1,988.65	2,598.15
III Total Income (I+II)	202,531.74	95,514.43
IV EXPENSES		
Cost of materials consumed	173,010.82	71,929.62
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(5,948.67)	(6,350.01)
Excise Duty	-	2,427.49
Employee benefits expense	15,540.52	14,841.99
Finance costs	46,625.56	39,231.45
Depreciation and amortization expense	15,052.58	17,388.37
Other expenses	18,224.18	12,369.10
Total expenses (IV)	262,504.99	151,838.01
V Profit / (loss) before exceptional items and tax (III-IV)	(59,973.25)	(56,323.58)
VI Exceptional Items	-	-
VII Profit / (loss) before tax (V-VI)	(59,973.25)	(56,323.58)
VIII Tax expense:		
(1) Current tax	-	-
(2) Deferred tax	(19,753.91)	(18,557.02)
IX Profit / (Loss) for the year (VII-VIII)	(40,219.34)	(37,766.56)
X Other Comprehensive Income		
A (i) Items that will not be reclassified to profit or loss - Remeasurement of the defined benefit plans	(213.70)	342.24
(ii) Income tax relating to items that will not be reclassified to profit or loss	74.68	(119.59)
XI Total Comprehensive Income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the year)	(40,358.36)	(37,543.91)
XII Earnings per equity share :		
(1) Basic (in ₹)	(6.94)	(6.46)
(2) Diluted (in ₹)	(6.94)	(6.23)

Significant Accounting Policies  
Other notes on Financial Statements

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

In terms of our report of even date

**For Singh Ray Mishra & Co.**

Chartered Accountants

FRN - 318121E

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

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

Sd/-  
**L. K. Mohanty**  
Company  
Secretary

Sd/-  
**S.V.Shahi**  
Director(Finance)

Sd/-  
**U. Sharma**  
Director

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

Place : New Delhi

Date : 27.05.2019

## Cash Flow Statement for the year ended 31st. March, 2019

	(₹ in lakh)	(₹ in lakh)
	For the year ended 31st. March,2019	For the year ended 31st. March, 2018
<b>A. Cash Flow from Operating Activities :</b>		
Net loss as per the Statement of Profit & Loss	(40,219.34)	(37,766.55)
Less Profit on sale of fixed assets	(1.17)	-
Add Deferred tax	(19,753.91)	(18,557.02)
Add Depreciation	15,052.58	17,388.37
Add Financing Costs	46,625.56	39,231.45
Operating Cash Flow before changes in working capital	<u>1,703.72</u>	<u>296.25</u>
<b>Changes in Working Capital :</b>		
Increase (-) / Decrease (+) in Inventory	(11,311.68)	(7,882.11)
Increase (-) / Decrease (+) in Other Non-current Financial Assets	227.95	52.36
Increase (-) / Decrease (+) in Other Non-current Assets	99.55	126.69
Increase (-) / Decrease (+) in Other Current Assets	(905.46)	2,139.04
Increase (+) / Decrease (-) in Non-current Provisions	1,398.24	2,271.50
Increase (+) / Decrease (-) in Other Non-current Liabilities	(86.52)	(5.95)
Increase (+) / Decrease (-) in Trade Payables	1,988.26	(18,965.77)
Increase (+) / Decrease (-) in Other Current Liabilities	83,752.43	35,575.02
Increase (+) / Decrease (-) in Current Provisions	48.26	151.56
<b>Net Cash from Operating Activities</b>	<u>75,211.03</u>	<u>13,462.34</u>
	<u>76,914.75</u>	<u>13,758.59</u>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase / Capitalisation of Fixed Assets	(8,123.30)	(571.17)
Disposal of Fixed Assets	1.55	-
Increase in intangible asset	(4,896.35)	(1,094.46)
Reduction in / Addition to Capital Work in Progress	6,028.09	(5,811.77)
<b>Net Cash from Investing Activities</b>	<u>(6,990.01)</u>	<u>(7,477.40)</u>
<b>C. Cash Flow from Financing Activities :</b>		
Redemption of Preference Shares	(2,135.72)	-
Non-current Borrowings	(14,605.85)	(33,570.68)
Current Borrowings	2,704.51	47,098.92
Other Current Financial Liabilities	(12,279.59)	14,164.21
Financing Costs paid	(46,625.56)	(39,231.45)
<b>Net Cash from Financing Activities</b>	<u>(72,942.21)</u>	<u>(11,539.00)</u>
<b>Net Increase / (-) Decrease in Cash &amp; Cash Equivalent (A+B+C)</b>	<u>(3,017.47)</u>	<u>(5,257.81)</u>
<b>Cash &amp; Cash Equivalents (Opening)</b>	8,975.77	14,233.58
<b>Cash &amp; Cash Equivalents (Closing)</b>	5,958.30	8,975.77
<i>(Represented by Cash &amp; Bank balances)</i>		

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 etc., are as under :

Year	Amount (₹ in lakh)
Closing Cash & Cash Equivalents (as on 31.03.2019)	3,511.20
Closing Cash & Cash Equivalents (as on 31.03.2018)	7,975.42

In terms of our report of even date

**For Singh Ray Mishra & Co.**

Chartered Accountants

FRN - 318121E

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

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

Sd/-  
**L. K. Mohanty**  
Company  
Secretary

Sd/-  
**S.V.Shahi**  
Director(Finance)

Sd/-  
**U. Sharma**  
Director

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

Place : New Delhi

Date : 27.05.2019

**Statement of Changes in Equity for the period ended 31st. March, 2019**

A. Equity Share Capital -

(₹ in Lakh)

Balance as at 01.04.2017	Changes in equity share capital during the period 2017-18	Balance as at 31.03.2018	Balance as at 01.04.2018	Changes in equity share capital during the period 2018-19	Balance as at 31.03.2019
58,129.41	-	58,129.41	58,129.41	-	58,129.41

B. Other Equity -

	Reserves & Surplus			Retained Earnings	Equity component of compound financial instruments	Total
	Capital Reserve	Security Premium	Other Reserve			
Balance as at 01.04.2017	-	18,150.00	1,666.67	(95,686.12)	225.93	(75,643.52)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	18,150.00	1,666.67	(95,686.12)	225.93	(75,643.52)
Profit / (Loss) for the year	-	-	-	(37,766.56)	-	(37,766.56)
Other comprehensive income (loss) for the year (net of tax)	-	-	-	222.65	-	222.65
Total Comprehensive Income for the year	-	-	-	(37,543.91)	-	(37,543.91)
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Any other change	-	-	-	(6.66)	(140.78)	(147.44)
Balance as at 31.03.2018	-	18,150.00	1,666.67	(133,236.69)	85.15	(113,334.87)
Balance as at 01.04.2018	-	18,150.00	1,666.67	(133,236.69)	85.15	(113,334.87)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	18,150.00	1,666.67	(133,236.69)	85.15	(113,334.87)
Profit / (Loss) for the year	-	-	-	(40,219.34)	-	(40,219.34)
Other comprehensive income (loss) for the year (net of tax)	-	-	-	(139.02)	-	(139.02)
Total Comprehensive Income for the year	-	-	-	(40,358.36)	-	(40,358.36)
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Any other change	-	-	-	-	(85.15)	(85.15)
<b>Balance as at 31.03.2019</b>	-	<b>18,150.00</b>	<b>1,666.67</b>	<b>(173,595.05)</b>	-	<b>(153,778.38)</b>

In terms of our report of even date  
For Singh Ray Mishra & Co.  
Chartered Accountants  
FRN - 318121E

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

Place : New Delhi  
Date : 27.05.2019

For and on behalf of Board of Directors

Sd/-  
L.K.Mohanty  
Company Secretary

Sd/-  
S.V.Shahi  
Director (Finance)

Sd/-  
U.Sharma  
Director

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

## 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.

#### 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 reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, the amounts of revenue and expenses during the reported period and notes to the Financial Statements. 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, GST 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 railway receipt / invoice. However, final adjustments are made on receipt of bill of lading and discharge port analysis.

Domestic sales: Domestic sales are accounted for 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 subject to the condition that the rate so derived is not less than the rate at which Iron Scrap 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 estimated costs of completion and 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 `1lakh (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 `50lakh (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.

#### *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 in case of Sinter Plant, Blast Furnace, Coke oven and Basic Oxygen Furnace Converter alongwith Caster and components thereof where 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 useful life assumed by the technical experts is as under:



<b>Asset category</b>	<b>Estimated useful life (in years)</b>
Sinter Plant	11
Blast Furnace	8 to 10
Coke Oven	12
Basic Oxygen Furnace Converter along with Caster	24

Depreciation on capital spares is provided over the useful life of the spare or remaining useful life of the mother asset, as reassessed, whichever is lower.

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 expenditure 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.

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 lakh as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

**Note - 2 : Property, Plant and Equipment -**

(₹ in Lakhs)

	Opening gross carrying amount as on 01.04.2018	Additions / Adjustments	Disposals / Adjustments	Closing gross carrying amount as on 31.03.2019	Opening accumulated depreciation as on 01.04.2018	Depreciation charged during the year	Disposals / Adjustments	Closing accumulated depreciation as on 31.03.2019	Closing net carrying amount as on 31.03.2019	Closing net carrying amount as on 31.03.2018
Freehold Land	17.42	-	-	17.42	-	-	-	-	17.42	17.42
Railway Lines & Sidings	1,872.11	-	-	1,872.11	696.45	250.80	-	947.25	924.86	1,175.66
Roads, Bridges & Culverts	1,481.02	-	-	1,481.02	136.38	55.07	-	191.45	1,289.57	1,344.64
Buildings	7,952.61	5.55	-	7,958.16	1,114.68	375.95	-	1,490.63	6,467.53	6,837.93
Water Supply	3,152.16	-	-	3,152.16	1,865.70	625.15	-	2,490.85	661.31	1,266.46
Plant & Machinery	272,871.18	6,652.12	-	279,523.30	39,522.85	12,765.42	-	52,288.27	227,235.03	233,348.33
Spare Parts, Stand-by & Servicing Equipment	1,944.91	1,443.67	-	3,388.58	252.27	112.26	-	364.53	3,024.05	1,692.64
Power Supply & Distribution	7,776.70	-	-	7,776.70	1,338.90	576.60	-	1,915.50	5,861.20	6,437.80
Furniture & Fittings	38.51	0.51	-	39.02	22.63	0.38	-	23.01	16.01	15.88
Vehicles	2,263.12	11.22	7.65	2,266.69	847.79	218.80	7.27	1,059.32	1,207.37	1,415.33
Compound Wall, Water Supply & Sewerage	726.50	0.31	-	726.81	61.94	13.31	-	75.25	651.56	664.56
Office Equipment	141.88	1.24	-	143.12	59.64	25.46	-	85.10	58.02	82.24
Miscellaneous Equipment	326.29	8.68	-	334.97	76.55	33.38	-	109.93	225.04	249.74
<b>Total</b>	<b>300,564.41</b>	<b>8,123.30</b>	<b>7.65</b>	<b>308,680.06</b>	<b>45,995.78</b>	<b>15,052.58</b>	<b>7.27</b>	<b>61,041.09</b>	<b>247,638.97</b>	<b>254,568.63</b>
Figures for the previous year	299,993.24	571.17	-	300,564.41	28,607.41	17,388.37	-	45,995.78	254,568.63	271,365.83

# Neelachal Ispat Nigam Ltd.

## **Note - 3 : Capital work-in-progress -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
Construction and Erection work in progress#	<b>13,466.36</b>	19,395.88
Stock of Construction Material	<b>335.63</b>	434.20
<b>Total</b>	<b>13,801.99</b>	19,830.08

# Borrowing cost capitalised during the year amounting to ₹Nil (31.03.2018 - ₹950.29 lakh).

## **Note - 4 : Intangible assets under development -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
Captive iron ore mines under development#	<b>17,987.19</b>	13,090.84
<b>Total</b>	<b>17,987.19</b>	13,090.84

# Borrowing cost capitalised during the year amounting to ₹1,369.67 lakh (31.03.2018 - ₹1,052.10 lakh).

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

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
Bank deposits with more than 12 months maturity#	<b>371.30</b>	5,388.67
Prepaid Leasehold Premium	<b>3,388.52</b>	3,616.47
<b>Total</b>	<b>3,759.82</b>	9,005.14

# Includes margin money for LC / BG amounting to ₹369.00 lakh (31.03.2018-₹5,369.78 lakh) and security money with Govt. Deptt. ₹2.30 lakh(31.03.2018- ₹6.84 lakh).

## **Note - 6 : Deferred Tax Assets (net) -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
<u>Deferred Tax Assets:</u>		
Tax losses (a)	<b>68,545.93</b>	45,345.34
<u>Deferred Tax Liabilities:</u>		
Tax on equity component of preference shares	-	(45.74)
Tax on differences in WDV of PPE due to depreciation	<b>(11,788.06)</b>	(8,491.36)
Tax effect of transaction cost on loan	<b>(288.05)</b>	(212.74)
<b>Total (b)</b>	<b>(12,076.11)</b>	(8,749.84)
<b>Net (a-b)</b>	<b>56,469.82</b>	36,595.50

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 31st March, 2018	45,345.34	(45.74)	(8,491.36)	(212.74)	36,595.50
(Debited)/credited to profit or loss	23,200.59	-	(3,296.70)	(75.31)	19,828.58
Adjustment of deferred tax liability	-	45.74	-	-	45.74
<b>At 31st March, 2019</b>	<b>68,545.93</b>	<b>-</b>	<b>(11,788.06)</b>	<b>(288.05)</b>	<b>56,469.82</b>

## **Note - 7 : Other non-current assets -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
<i>(i) Capital Advances :</i>		
Advance to contractors for capital works	<b>371.45</b>	532.41
<i>(ii) Advances other than capital advances :</i>		
Security Deposit -		
Deposit with Govt. Departments	<b>1,992.27</b>	1,945.44
Deposit with others	<b>1,315.01</b>	1,300.43
<i>(iii) Others</i>		
MAT credit entitlement	<b>4,207.28</b>	4,207.28
<b>Total</b>	<b>7,886.01</b>	7,985.56

**Note - 8 : Inventories -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
(a) i) Raw Materials	9,020.68	4,001.40
ii) Raw material in transit	1,551.98	1,813.29
(b) Work-in-progress	1,148.21	444.22
(c ) Finished goods	29,167.86	23,923.18
(d) i) Stores and spares	3,021.38	2,985.25
ii) Stores and spares in transit	726.01	157.10
<b>Total</b>	<b>44,636.12</b>	<b>33,324.44</b>

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

**Note - 9 : Cash and Cash equivalents -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
a. Balances with Banks*	5,540.52	3,546.64
b. Cheques, drafts on hand	46.28	39.86
c. Cash on hand	0.20	0.60
<b>Total</b>	<b>5,587.00</b>	<b>3,587.10</b>

\*Includes margin money for LC / BG amounting to ₹2,856.58 lakh (31.03.2018 - ₹1,177.29 lakh) and security money with Govt. Deptt. amounting to ₹218.96 lakh (31.03.2018 - ₹158.29 lakh), security against borrowing from bank amounting to ₹Nil (31.03.2018-₹1,202.50 lakh) and deposit under employees' family benefit scheme amounting ₹64.36 lakh (31.03.2018- ₹ 60.72 lakh)

**Note - 10 : Other Financial Assets (Current) -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
Prepaid Leasehold Premium	52.36	52.36
<b>Total</b>	<b>52.36</b>	<b>52.36</b>

**Note - 11 : Other current assets -**

	(₹ in Lakh)	(₹ in Lakh)
	<b>As at 31st. March,2019</b>	As at 31st. March,2018
Advance to Employees	3.08	2.66
Advance to Suppliers for Stores, Spares & Raw Materials	797.52	613.52
Advance to Others	105.23	251.21
Prepaid Expenses	513.97	78.46
Claims Receivable	1,720.20	1,555.49
Export Incentive Receivable	795.09	255.37
Income tax paid in advance / recoverable	267.57	297.22
Interest accrued but not due on term deposits	120.36	363.61
<b>Total</b>	<b>4,323.02</b>	<b>3,417.54</b>

# Neelachal Ispat Nigam Ltd.

## Note - 12 : Equity Share capital -

	(₹ in Lakh) As at 31st. March,2019	(₹ in Lakh) As at 31st. March,2018
<b>Authorised :</b>		
190,00,00,000 (previous year 190,00,00,000) Equity Shares of ₹10/- each	190,000.00	190,000.00
<b>Issued :</b>		
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	58,822.01	58,822.01
<b>Subscribed:</b>		
58,82,20,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	58,822.01	58,822.01
<b>Paid up :</b>		
57,43,68,143 (previous year 57,43,68,143) Equity Shares of ₹10/- each	57,436.81	57,436.81
1,38,52,000 (previous year 1,38,52,000) Equity Shares of ₹10 each are allotted as partly paid-up of ₹5/-	692.60	692.60
<b>Total</b>	<b>58,129.41</b>	<b>58,129.41</b>

- 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,2019		As at 31st. March,2018	
	No. of shares	% held	No. of shares	% held
MMTC Ltd.	289342744	49.78	289342744	49.78
Industrial Promotion & Investment Corporation of Orissa Ltd.	88868389	15.29	88868389	15.29
NMDC Ltd.	74799878	12.87	74799878	12.87
The Odisha Mining Corporation Ltd.	71598530	12.32	71598530	12.32

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

<b>Issued :</b>		
Equity Shares at the beginning of the year	588220143	588220143
Equity Shares at the end of the year	588220143	588220143
<b>Subscribed :</b>		
Equity Shares at the beginning of the year	588220143	588220143
Equity Shares at the end of the year	588220143	588220143
<b>Paid up &amp; partly paid up :</b>		
Equity Shares at the beginning of the year (fully paid up)	574368143	574368143
Equity Shares at the beginning of the year (partly paid up)	13852000	13852000
Equity Shares at the end of the year (fully paid up)	574368143	574368143
Equity Shares at the end of the year (partly paid up)	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 13 : Other Equity -

	(₹ in Lakh) As at 31st. March,2019	(₹ in Lakh) As at 31st. March,2018
<b>Equity Component of Compound Financial Instrument -</b>		
0.01% Convertible Preference Shares#	-	85.15
Sub-total	-	85.15
<b>Securities Premium Account</b>		
As per last Balance Sheet	18,150.00	18,150.00
Sub-total	18,150.00	18,150.00
<b>Bond Redemption Reserve</b>		
As per last Balance Sheet	1,666.67	1,666.67
Sub-total	1,666.67	1,666.67
<b>Retained Earnings</b>		
Opening Balance	(133,236.69)	(95,686.12)
Add Total Comprehensive Income for the year	(40,358.36)	(37,543.91)
Add Revision of DTA upto 31.03.2017	-	(6.66)
Sub-total	(173,595.05)	(133,236.69)
<b>Total</b>	<b>(153,778.38)</b>	<b>(113,334.87)</b>



**Note - 14 : Borrowings (Non-current):**

			(₹ in Lakh)	(₹ in Lakh)
			<b>As at 31st. March,2019</b>	As at 31st. March,2018
<b>Secured Loans -</b>				
<u>Bonds/debentures</u>	<b>Rate of Interest</b>	<b>Date of redemption</b>		
11.90% Bond	11.90% p.a.	27.03.2021	<b>20,000.00</b>	20,000.00
10.45% Bond	10.45% p.a.	19.02.2018	<b>5,000.00</b>	10,000.00
<u>Term Loans</u>				
from banks			<b>99,145.93</b>	1,15,812.22
from other parties - related parties			<b>11,214.45</b>	2,311.11
- others			<b>4,421.71</b>	6,264.62
<b>Total</b>			<b>1,39,782.09</b>	1,54,387.95

- 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 passu with other parties and banks.
- b) Bonds & loans amounting to ₹96,133.00 lakh (31.03.2018 - ₹1,23,010.00 lakh) are guaranteed by corporate guarantee of MMTC Ltd.
- c) The term loan from banks amounting to ₹82,178.15 lakh (31.03.2018 - ₹86,637.61 lakh) are secured by pari passu 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 ₹2,312.50 lakh (31.03.2018 - ₹5,125.00 lakh) is secured by pari passu first charge on fixed assets and pari passu second charge on current assets. The medium term loan of ₹7,169.92 lakh (31.03.2018 - ₹9,000.00 lakh) is secured by second pari passu charge on movable fixed assets and current assets pending pari passu permission from other consortium lenders. Short term loan of ₹17,000.00 lakh (31.03.2018 - ₹17,000.00 lakh) is secured by corporate guarantee of MMTC Ltd. Corporate loan of ₹24,606.70 lakh (31.03.2018 - ₹33,800.00 lakh) is secured by way of first charge on fixed assets and second charge on current assets pending pari passu permission from other consortium lenders. Creation of securities in favour of corporate loan of ₹9,974.99 lakh (31.03.2018 - ₹8,325.00 lakh) is in process.
- d) The company has not paid principal instalment amounting to ₹Nil (31.03.2018 - ₹786.67 lakh) and interest amounting to ₹1,054.52 lakh (31.03.2018 - ₹3,693.88 lakh) to banks and principal amounting to ₹Nil (31.03.2018 - ₹9,422.22 lakh) and interest amounting to ₹133.19 lakh (31.03.2018 - ₹1,906.69 lakh) to other parties as on 31.03.2019.
- e) Terms of repayment of loan and rate of interest are set out below :

Name of the lender	Outstanding as on 31.03.2019 (₹in Lakh)	Maturity Date	Terms of repayment	Rate of interest
UNION BANK OF INDIA	4,445.00	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	4,456.62	31.03.2023	-do-	10.25%
OBC	1,675.45	31.03.2023	-do-	9.85%
ALLAHABAD BANK	8,913.30	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)	8,621.66	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%

Name of the lender	Outstanding as on 31.03.2019 (₹in Lakh)	Maturity Date	Terms of repayment	Rate of interest
ALLAHABAD BANK--(PH-II)	4,943.89	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)	7,147.00	31.03.2033	-do-	12.80%
SBI(PH-II)	18,709.10	31.03.2033	-do-	13.20%
CBI(PH-II)	6,274.15	31.03.2033	-do-	13.20%
SBH(PH-II)	1,862.00	31.03.2033	-do-	13.45%
SBM(PH-II)	1,387.24	31.03.2033	-do-	13.65%
SBI-9393	4,886.49	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	4,440.16	31.03.2023	-do-	13.30%
SBI-3205	4,416.09	31.03.2023	-do-	9.85%
SBI(CORPORATE LOAN)	2,312.50	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%
ALLAHABAD BANK(STL)	4,367.98	30.12.2020	To be repaid by 31.03.2020	11.70%
SBI (MINES)	9,974.99	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	4,200.00	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	6,550.00	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	31.03.2022	36 monthly instalments starting from April-2019	12.25%
ALLAHABAD BANK (CORPORATE Loan)	9,488.72	31.03.2028	2.5% per qrt. from 30.9.18 to 31.03.19 (for 2 qrts.), 1.25% per qrt. from 01.04.19 to 31.3.20 (for 4 qrts.), 2.5% per qrt. from 01.04.20 to 31.03.26 (for 24 qrts.), & 3.75% per qrt. from 01.04.26 to 31.3.28 (for 8qrts.),	
INDUSIND BANK	3,374.96	30.10.2022	OD limit to be reduced by Rs. 1.25 crores per month from November 2018 at the end of every month.	12.25%
INDUSIND BANK	3,794.95	30.10.2022	OD limit to be reduced by Rs. 1.41 crores per month from November 2018 at the end of every month.	12.25%

f) Preference shares of ₹10 each redeemable in 12 equal instalments commencing from 01.04.2018 and ending on 01.03.2019 have been redeemed during the financial year 2018-19.

**Note - 15 : Provisions (Non-current) -**

	(₹ in Lakh) <b>As at 31st. March,2019</b>	(₹ in Lakh) As at 31st. March,2018
<u>Provision for employee benefits</u>		
Accrued Leave Liability	<b>4,939.69</b>	3,696.70
Gratuity Liability	<b>2,979.43</b>	2,642.43
Post Retirement Settlement Expenses Liability	<b>160.16</b>	146.62
Employees' Family Benefit Scheme	<b>394.64</b>	376.24
<b>Total</b>	<b>8,473.92</b>	6,861.99

**Note - 16 : Other non-current liabilities -**

	(₹ in Lakh) <b>As at 31st. March,2019</b>	(₹ in Lakh) As at 31st. March,2018
Retention money on contracts	<b>9,399.72</b>	9,521.44
Security deposit	<b>1,303.34</b>	1,268.14
<b>Total</b>	<b>10,703.06</b>	10,789.58

**Note - 17 : Borrowings (Current) -**

	(₹ in Lakh) <b>As at 31st. March,2019</b>	(₹ in Lakh) As at 31st. March,2018
<b>Secured Loans -</b>		
<u>Loans repayable on demand</u>		
Working capital borrowings from banks	<b>11,714.21</b>	9,009.70
<b>Unsecured Loans -</b>		
Working capital borrowing from related party	<b>142,500.00</b>	142,500.00
<b>Total</b>	<b>154,214.21</b>	151,509.70

- a) Working capital borrowings from banks 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. Corporate guarantee has been issued towards working capital borrowing from related party.

**Note - 18 : Trade payables (Current) -**

	(₹ in Lakh) <b>As at 31st. March,2019</b>	(₹ in Lakh) As at 31st. March,2018
Sundry Creditors - Due to Micro and Small Enterprises	<b>383.19</b>	252.35
Sundry Creditors - Other than Micro and Small Enterprises	<b>23,249.53</b>	21,392.11
<b>Total</b>	<b>23,632.72</b>	21,644.46

- 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:

Description	(₹ in Lakh) As at 31st. March,2019	(₹ in Lakh) As at 31st. March,2018
1) The principal amount remaining unpaid to the suppliers as at the end of accounting year	383.19	252.35
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.	-	-
<b>Note - 19 : Other financial liabilities (Current) -</b>	(₹ in Lakh) As at 31st. March,2019	(₹ in Lakh) As at 31st. March,2018
Current maturities of long-term debt (Term loan from banks/other parties)	32,588.57	40,387.38
<u>Liability component of compound financial Instrument-</u>		
0.01% Convertible Preference Shares	-	2,004.83
Interest accrued and due on loans	1,187.72	5,600.57
Interest accrued but not due on loans	181.94	249.86
<b>Total</b>	<b>33,958.23</b>	<b>48,242.64</b>

a) Current maturities of long-term debt includes -

- i) Zero Rated Unsecured Instruments repayable in 12 equal monthly instalments during 2018-19 has been repaid.
- ii) Dues of lenders of term loan amounting to ₹37.04 lakh who have not yet exercised their right of conversion to equity/preference shares, but repayable during 2018-19 has been paid.

b) Preference shares of ₹10 each redeemable in 12 equal instalments commencing from 01.04.2018 and ending on 01.03.2019 have been redeemed during the financial year 2018-19.

**Note - 20 : Other current liabilities -**

	(₹ in Lakh) As at 31st. March, 2019	(₹ in Lakh) As at 31st. March, 2018
Revenue received in advance	117,750.24	36,614.99
Others :		
Earnest money deposit	245.42	249.58
Payable towards capital works	2,235.79	1,636.55
Others	6,465.10	4,442.99
<b>Total</b>	<b>126,696.55</b>	<b>42,944.11</b>

**Note - 21 : Provisions (Current) -**

	(₹ in Lakh) As at 31st. March, 2019	(₹ in Lakh) As at 31st. March, 2018
<u>Provision for employee benefits</u>		
Accrued Leave Liability	111.69	54.43
Gratuity Liability	125.66	113.31
Post Retirement Settlement Expenses Liability	0.40	1.17
Employees' Family Benefit Scheme	92.74	113.31
<b>Total</b>	<b>330.49</b>	<b>282.22</b>

**Note - 15.1, 21.1 & 26.1 : 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 ₹20 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.

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 IndAS–19. (b) Reconciliation of Present Value of Defined Benefit Obligations:

(₹ / Lakh)

Sl. No.	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Present value of projected benefit obligations as at 01.04.2018	4,613.22	3,751.12	147.79	489.55
Current Service Cost	410.04	876.43	-	-
Interest Cost	348.87	284.03	11.25	36.55
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	62.66	57.92	1.84	(10.63)
Actuarial Gains(-) / Losses (+) due to Unexpected Experience	135.52	129.24	(0.11)	(8.24)
Benefits Paid	69.64	47.36	0.21	19.85
Present value of projected benefit obligations as on 31.03.2019	5,500.67	5,051.38	160.56	487.38

c) As against gratuity liability of ₹5,500.67 lakh as at 31.03.2019, the company has plan assets of the fund amounting to ₹2,395.58 lakh as at 31.03.2019. The other defined benefit obligations are unfunded.

(d) Table showing changes in Fair Value of Plan Assets in respect of Gratuity: (₹ / Lakh)  
As at 31.03.2019

Fair Value of Plan Asset at the beginning of the year	1,857.48
Interest Income	141.56
Employer's Contributions	480.00
Benefits Paid	69.66
Return on Plan Assets excluding Interest Income	(13.80)
Fair Value of Plan Asset at the end of the year	<b>2,395.58</b>

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

(f) Table showing funded status:

	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Present Value of Obligation at the end of the year	5,500.67	5,051.38	160.56	487.37
Fair Value of Plan Asset at the end of the year	2,395.58	-	-	-
Funded Status	(3,105.09)	(5,051.38)	(160.56)	(487.37)
Net Asset / (Liability) Recognised in Balance Sheet	<b>(3,105.09)</b>	<b>(5,051.38)</b>	<b>(160.56)</b>	<b>(487.37)</b>

(g) Expenses recognized in the statement of Profit & Loss Account for the year ended 31.03.2019:

Particulars	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Current Service Cost	410.04	876.43	-	-
Net Interest Cost	207.34	284.03	11.25	36.55
Actuarial Gain/Loss applicable only for last year		187.15		(18.87)
Benefit cost (Expense recognised in Statement of Profit/Loss)	617.38	1,347.61	11.25	17.68
Amount charged to				
- Employee benefits expense (Note-26)	<b>617.38</b>	<b>1,347.61</b>	<b>11.25</b>	<b>17.68</b>

(h) Other Comprehensive Income :

Particulars	(₹ in Lakh)	
	Gratuity	Post Retirement Settlement Benefit
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	62.66	1.84
Actuarial Gains(-) / Losses (+) due to Unexpected Experience	135.52	(0.11)
<b>Total Actuarial (Gain)/Loss</b>	198.18	1.73
Return on Plan Assets excluding Interest Income	(13.80)	-
Balance at the end of the period	211.98	1.73
Net (Income)/Expense for the period recognised in OCI	<b>211.98</b>	<b>1.73</b>

(i) Actuarial assumptions

Description	As at 31.03.2019
Mortality Table	IALM (2006-2008) ULTIMATE
Superannuation Age	60 years
Early Retirement & Disablement (All Causes Combined)	1.00%
above age 45	0.06%
Between 29-45	0.03%
Below age 29	0.01%
Discount Rate	7.62%
Inflation Rate	7.00%
Return on Asset (in case Gratuity Fund)	7.62%
Remaining Working Life	15 yrs.
Formula Used	Projected Unit Credit Method

<b>Note 22 : Revenue from operations -</b>	(₹ in Lakh)	(₹ in Lakh)
	<b>For the year ended 31st. March, 2019</b>	<b>For the year ended 31st. March, 2018</b>
<u>Sale of Products (including Excise Duty)</u>		
Domestic	155,741.17	62,315.21
Exports	37,899.61	25,943.48
Sub-Total	<b>193,640.78</b>	88,258.69
Other Operating Revenues	6,902.31	4,657.59
<b>Total</b>	<b>200,543.09</b>	92,916.28

## Note 23 : Other income

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Sale of Misc. Scrap	35.15	71.37
Interest on Term / Other Deposit	747.32	1,163.39
Miscellaneous Receipts	17.01	4.42
Export Incentives	1,189.17	1,358.97
<b>Total</b>	<b>1,988.65</b>	<b>2,598.15</b>

## Note 24 : Cost of materials consumed

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Iron Ore	39,936.49	14,257.10
Coke	5,292.02	-
Coking Coal	120,206.66	55,211.83
Dolomite	2,136.10	955.42
Limestone	2,031.78	792.07
Sand	27.18	17.07
Quartzite	282.13	218.32
Manganese	0.35	2.09
Sulphuric Acid	431.73	359.36
Ferro Manganese	74.40	-
Ferro Silicon	228.03	-
Silico Manganese	976.50	-
Aluminium	56.09	-
Others	1,331.36	116.36
<b>Total</b>	<b>173,010.82</b>	<b>71,929.62</b>

## Note 25 : Changes in inventories of finished goods and work-in-progress

	(₹ in Lakh) For the year ended 31st. March, 2019		(₹ in Lakh) For the year ended 31st. March, 2018	
Opening Stock				
- Finished Goods	23,923.18		19,024.00	
- Work-in-Progress	444.22	24,367.40	721.44	19,745.44
Add Finished Goods Stock of Others		-		-
<b>Less: Closing Stock</b>				
- Finished Goods	29,167.86		23,923.18	
- Work-in-Progress	1,148.21	30,316.07	444.22	24,367.40
Changes in inventories of finished goods and work-in-progress		(5,948.67)		(4,621.96)
<b>Add / (Less) Accretion / (Depletion) to Excise Duty Liability on Stock of Finished Goods</b>		-		(1,728.05)
<b>Total</b>		<b>(5,948.67)</b>		<b>(6,350.01)</b>



**Note 26 : Employee benefits expense**

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Salaries, Wages and Allowances	11,422.43	10,097.52
Leave Encashment	1,347.61	939.40
Company's Contribution to Provident & Other Funds	1,285.84	1,183.14
Staff Welfare Expenses	867.26	995.96
Gratuity	617.38	1,625.97
<b>Total</b>	<b>15,540.52</b>	<b>14,841.99</b>

**Note 27 : Finance costs**

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Interest cost		
- Bonds	3,890.24	4,412.74
- Working Capital	1,212.73	1,020.15
- Term Loan	18,048.95	18,282.26
Other borrowing costs	23,473.64	15,516.30
<b>Total</b>	<b>46,625.56</b>	<b>39,231.45</b>

**Note 28 : Depreciation and amortization expense**

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Depreciation on tangible assets	15,052.58	17,388.37
<b>Total</b>	<b>15,052.58</b>	<b>17,388.37</b>

**Note 29 : Other expenses**

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Consumption of stores and spare parts	4,144.29	2,277.84
Power and fuel	4,564.44	3,078.51
Rent	74.60	83.60
Repairs to buildings	153.07	134.63
Repairs to machinery	2,311.01	1,267.05
Insurance	140.16	169.53
Rates and taxes, excluding taxes on income	168.82	168.83
Office & Administrative Expenses	999.94	992.36
Trade Margin on Sales	58.68	596.92
Water Charges	756.71	666.37
Material handling charges & outsourcing expenses	3,502.94	2,865.99
Remuneration to auditors#	7.50	7.50
Miscellaneous Expenses	60.96	59.97
Differential liability on loan material	1,281.06	-
<b>Total</b>	<b>18,224.18</b>	<b>12,369.10</b>

## # Remuneration to auditors -

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
As Auditor	6.50	6.50
For Taxation Matters	1.00	1.00
<b>Total</b>	<b>7.50</b>	<b>7.50</b>

## Note 30 : Tax expense

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
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	(19,753.91)	(18,557.02)
Decrease / (increase) in deferred tax liabilities	-	-
Income tax relating to items that will not be reclassified to Profit or Loss	(74.68)	119.59
<b>Total deferred tax expense/(benefit)</b>	<b>(19,828.59)</b>	<b>(18,437.43)</b>

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

	(₹ in Lakh) For the year ended 31st. March, 2019	(₹ in Lakh) For the year ended 31st. March, 2018
Profit/(loss) from continuing operation before tax expense	(59,973.18)	(56,323.57)
Items that will not be reclassified to profit or loss - Remeasurement of the defined benefit plans-OCI	(213.70)	342.24
Profit/(loss) from discontinuing operation before tax expense	-	-
Total	<b>(60,186.88)</b>	<b>(55,981.33)</b>
Tax at the rate of 34.944% (34.944% for 2017-18)	<b>(21,031.70)</b>	<b>(19,562.12)</b>

Tax effect of amounts not deductible (taxable) in calculating taxable income:

Differences in WDV of PPE due to depreciation	39.64	32.91
Disallowance u/s 43B for current financial year	771.43	789.96
Pre-existing liability of Section 43B	(96.00)	(47.48)
Disallowance u/s 36(1)(va) for late deposit of Employee's share of PF	488.05	349.30
Tax effect of transaction cost on loan	-	-
<b>Tax expense</b>	<b>(19,828.59)</b>	<b>(18,437.43)</b>

- c) Nature of evidence supporting recognition of deferred tax assets during 2018-19 is as under:
- i) The company has been granted mining rights having estimated reserve of 110 million tonnes of high grade iron ore and the lease deed has been executed between Govt. of Odisha and the company on 11.01.2017. Stage -I forest clearance has been granted on 08.01.2018 and grant of stage-II forest clearance is expected by June' 2019. With the commissioning of mining activities, which is expected by July' 2019, the raw material cost will be significantly reduced apart from getting uninterrupted quality ore. LOA has since been issued for exploration of mines through MDO route.
  - ii) Steel Melting Shop (SMS) has resumed operation w.e.f Dec' 2018. Profitability in future years will improve with the production of more value added enduse products through conversion agents
  - ii) 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, restoring the capacity of Gas Turbine Generator of 24 MW, massive cost reduction measures etc. With the approval of Govt. of India and Govt. of Odisha ₹15,942.00 lakh has been infused as equity by the promoters during April' 2019. Steps are being taken to expedite the process of balance equity infusion by main as well as other promoter.

## Note 31: Other notes on financial statements

### a) Contingent liabilities

- i. Claims against Company not acknowledged as debts ₹50,706.57 lakh (Previous year ₹26,854.19 lakh)
- ii. Estimated commitment amount of contracts remaining to be executed on Capital Account and not provided for (net of advance) ₹12,167.65 lakh (Previous year ₹12,392.73 lakh).

### b) Foreign Currency outgo during the year is ₹554.71 lakh (Previous year ₹1,626.33 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)
<u>Sales Revenue</u>		
India	1,62,643.48	66,972.80
Foreign Countries	37,899.61	25,943.48

Productwise revenue is as under:

Particulars	Current Year (₹ in lakh)	Previous Year (₹ in lakh)
Pig Iron	1,58,526.42	76,448.28
Billets	10,771.85	-
Granulated Slag	994.22	771.00
Scrap	6,902.31	4,657.59
BF Coke	11,466.94	1,664.94
Crude Tar	5,518.72	3,208.80
Ammonium Sulphate	441.33	283.01
Others	5921.30	5,882.66

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:

(₹ in lakh)

Name	Nature of Relationship	Place of incorporation	Ownership interest	
			31.03.19	31.03.18
MMTC Limited	Control	India	49.78%	49.78%
OMC Limited	Significant Influence	India	12.32%	12.32%

ii) Details of transactions with related parties:

Particulars	(₹ in lakh)	
	2018-19	2017-18
Purchase of goods from MMTC Ltd.	1,34,555.93	60,746.03
Sale of goods to MMTC Ltd.	2,27,909.08	99,341.69
Equity participation by MMTC Ltd. as on 31.03.2019 / 31.03.2018	28,934.27	28,934.27
Corporate Guarantee issued to MMTC L.td. as on 31.03.2019 / 31.03.2018	1,97,500.00	94,500.00
Corporate Guarantee issued by MMTC in favour of banks / FIs for securing the loans of the company as on 31.03.2019 / 31.03.2018	1,34,582.00	1,40,010.00
Working Capital Borrowing / Inter Corporate Loan by MMTC Ltd. as on 31.03.2019 / 31.03.2018	1,42,500.00	1,42,500.00
Revenue received in advance from / trade payable to MMTC Ltd. as on 31.03.2019/31.03.2018	1,16,723.11	35,369.27
Purchase of goods from OMC Ltd.	25,767.95	11,773.87
Equity participation by OMC Ltd.	7,159.85	7,159.85
Inter Corporate Loan by OMC Ltd. as on 31.03.2019 / 31.03.2018	16,881.12	16,950.00
Payable to OMC on account of trade as on 31.03.2019 / 31.03.2018	7,429.49	7,207.05

iii) Key management personnel compensation: (₹ in lakh)

	31.03.2019	31.03.2018
Short-term employee benefits	87.97	81.17
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-

iv) Loans from related party: (₹ in lakh)

	31.03.2019	31.03.2018
Beginning of the year – Principal	1,59,450.00	1,26,636.93
- Interest	1,578.97	-
- Total	1,61,028.97	1,26,636.93
Loan received	-	42,889.42
Loan repayment made	-	10,038.32
Ind AS adjustment	(68.88)	(38.03)
Interest charged	22,800.88	15,946.30
Interest paid	24,231.86	14,367.33
End of the year – Principal	1,59,381.12	1,59,450.00
- Interest	147.99	1,578.97
- Total	1,59,529.11	1,61,028.97

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:

(₹ in lakh)

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	58,82,20,143		(A)	58,12,94,143
Profit / (loss) after tax, bond redemption reserve and preference dividend & tax thereon as per Profit & Loss Account (₹/ lakh) (B)				(40,358.36)
Basic & Diluted Earnings Per Share (B/A) (₹)				(6.94)

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 31.03.2019 is 38.

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

(₹ in lakh)

Major Products	Sales	Closing Stock	Opening Stock
Pig Iron	1,58,526.42 (76,448.28)	5,843.39 (3,146.00)	3,146.00 (7,067.54)
Billets	10,771.85 (-)	9,162.58 (173.01)	173.01 (140.23)
Granulated Slag	994.22 (771.00)	1,290.84 (173.99)	173.99 (78.92)
Scrap	6,902.31 (4657.59)	3,083.67 (649.78)	649.78 (1,018.36)
BF Coke	11,466.94 (1,664.94)	340.73 (8,883.50)	8,883.50 (933.26)
Crude Tar	5,518.72 (3,208.80)	113.36 (548.75)	548.75 (161.12)
Ammonium Sulphate	441.33 (283.01)	74.73 (76.31)	76.31 (36.91)
Others	5,921.30 (5,882.66)	9,258.56 (10,271.84)	10,271.84 (9,587.66)
<b>Total</b>	<b>2,00,543.09</b> <b>(92,916.28)</b>	<b>29,167.86</b> <b>(23,923.18)</b>	<b>23,923.18</b> <b>(19,024.00)</b>

j) Expenditure incurred in foreign currency on account of

(₹ in lakh)

	Current Year	Previous Year
Know-how	-	-
Interest	-	-
Training expenses & payments to -		
Foreign Technicians	22.07	35.62
Others	Nil	Nil
<b>Total</b>	<b>22.07</b>	<b>35.62</b>

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

(₹ in lakh)

	Current Year	Previous Year
Raw Materials	73,694.50	19,069.09
Capital Goods	-	-
<b>Total</b>	<b>73,694.50</b>	<b>19,069.09</b>

l) Value of raw materials consumed during the year (₹ in lakh)

	Current Year		Previous Year	
	₹ in lakh	%	₹ in lakh	%
Imported	1,20,206.66	69.48	55,211.83	76.76
Indigenous	52,804.16	30.52	16,717.79	23.24
<b>Total</b>	<b>1,73,010.82</b>	<b>100.00</b>	<b>71,929.62</b>	<b>100.00</b>

m) Value of stores / spares & components consumed during the year (₹ in lakh)

	Current Year		Previous Year	
	₹ in lakh	%	₹ in lakh	%
Imported	244.43	5.90	181.87	7.98
Indigenous	3,899.86	94.10	2,095.97	92.02
<b>Total</b>	<b>4,144.29</b>	<b>100.00</b>	<b>2,277.84</b>	<b>100.00</b>

n) Particulars of Directors' Remuneration (₹ in lakh)

	Current Year	Previous Year
Salaries	79.96	74.41
Company's contribution to provident & other funds	8.01	6.76
<b>Total</b>	<b>87.97</b>	<b>81.17</b>

- a) After successful completion of capital repair, the blast furnace has resumed operation w.e.f. 1<sup>st</sup> May, 2018. Accordingly, a sum of ₹6,587.05 lakh has been capitalized during the current financial year by way of transfer from capital work in progress to respective heads of property, plant & equipment.
- b) 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 1<sup>st</sup> 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.

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.

**For Singh Ray Mishra & Co.**

Chartered Accountants  
FRN - 318121E

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

Sd/-  
**L. K. Mohanty**  
Company  
Secretary

Sd/-  
**S.V.Shahi**  
Director  
(Finance)

Sd/-  
**U. Sharma**  
Director

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

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

Place : New Delhi  
Date : 27.05.2019