CHATTERJEE INTERNATIONAL CENTRE
11TH FLOOR
33A, JAWAHARLAL NEHRU ROAD,
KOLKATA - 700 071

TEL : 91-33-2288-3910-16
FAX : 91-33-2227-2511
CIN NO. : L271020R1979PLC000819
E-MAIL : corporate@orissasponge.com
WEBSITE : www.orissasponge.com

ORISSA SPONGE IRON & STEEL LIMITED

(Formerly Orissa Sponge Iron Limited)
(An ISO 9001 & 14001 Certified Company)

OSIL/BSE/2018-2019
1st October 2018

Dy. General Manager,
Department of Corporate Services
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai-400001

Dear Sir,

CIN.L27102OR1979PLC000819

Sub: Submission of Annual Report 2017-18

In compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are submitting Annual Report of the Company which include Audited Financial Statements i.e. Balance Sheet and Statement of Profit & Loss for the financial year 2017-18, Directors Report, Management Discussion & Analysis etc. which is approved and adopted in the 38th Annual General Meeting held on 28th September, 2018 at Hotel Grand Central , Bhubaneswar.

We are requested to take the same on record.

Thanking you,

Yours faithfully,
For Orissa Sponge Iron & Steel Limited

N.C.Sinha
Sr.Officer-Secretarial Department

The Secretary
The Calcutta Stock Exchange Ltd.
7, Lyons Range
Kolkata -700001

ORISSA SPONGE IRON & STEEL LIMITED

CIN: L27102OR1979PLC000819

Registered Office: OSIL House, Gangadhar Meher Marg, Bhubaneswar 751024 Phone: 0674 3016500
Corporate Office: CIC Building, 11th Floor, 33A, J.L.Nehru Road, Kolkata 700071, Phone: 033 22883910-16
Email: corporate@orissasponge.com. Website: www.orissasponge.com

NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of the Company will be held on Friday, 28th September, 2018 at Hotel Grand Central, Bhubaneswar at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2018 together with the Reports of the Board of Directors and the Auditors thereon and to pass with or without modification the following Resolution as Ordinary Resolution:

   Resolved that the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2018 together with the Schedules annexed thereto along with the Auditors' Report thereon and the Directors' Report attached thereto be and are hereby received, considered and adopted.

2. To appoint a Director in place of Mr. S.K.Kar (DIN 07220972), who retires by rotation and being eligible offers himself for re-appointment

3. To ratify the appointment of Statutory Auditors of the Company and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:

   Resolved that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules framed there under and pursuant to the Resolution passed by the Shareholders at the 35th Annual General Meeting of the Company held on 19th February, 2016 in respect of the appointment of M/s. Bhardwaj & Co., Chartered Accountants (FRN 316085E) to hold office from the conclusion of the 35th Annual General Meeting to the conclusion of the 40th Annual General Meeting, the Company hereby ratifies and confirms the appointment of M/s. Bhardwaj & Co., Chartered Accountants (FRN 316085E) to hold office from the conclusion of this 38th Annual General Meeting to the conclusion of the 39th Annual General Meeting on such remuneration as may be mutually agreed between the Board of Directors and the Auditors, plus out of pocket expenses incurred in connection with the audit.

AS SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification, the following Resolution as Special Resolution

   Resolved that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (the Act), read along with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory notifications thereof and subject to the approval of the Central Government, if any required and on such conditions, modification as may be imposed, while granting such approval, the Company do hereby accord their approval for the re-appointment of Dr. P.K.Mohanty (DIN 00238329) as Managing Director for a period of 3 years with effect from 11th February, 2018 without any remuneration.

5. To consider and if thought fit to pass with or without modification, the following Resolution as Ordinary Resolution

   Resolved that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (the Act), read along with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory notifications thereof and subject to the approval of the Central Government, if any required and on such conditions, modification as may be imposed, while granting such approval, the Company do hereby accord their approval for the re-appointment of Mr. Munir Mohanty.

(DIN 00264239) as Whole-time Director for a period of 3 years with effect from 31st May, 2018 without any remuneration.

6. To consider and if thought fit to pass with or without modification, the following Resolution as Ordinary Resolution

   Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013 as amended from time to time and Regulation 25 of SEBI (LODR) Regulations, 2015, Ms. Renu Singal (DIN 05286398) who was appointed as an Additional Director of the Company by the Board on 18.08.2018 under Section 161(1) of the Act and the Article of Association of the Company and whose term of office expires at the Annual General Meeting, and who has given a declaration that she meets with the criteria of independence as provided in sub section (6) of Section 149 of the Act and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Independent Director of the Company, be and is hereby appointed as a Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years with effect from 28.09.2018

7. To consider and if thought fit to pass with or without modification, the following Resolution as Ordinary Resolution

   Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013 as amended from time to time and Regulation 25 of SEBI (LODR) Regulations, 2015, Mr. Chitranjan Aggarwal (DIN 00823166) who was appointed as an Additional Director of the Company by the Board on 18.08.2018 under Section 161(1) of the Act and the Article of Association of the Company and whose term of office expires at the Annual General Meeting, and who has given a declaration that he meets with the criteria of independence as provided in sub section (6) of Section 149 of the Act and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director of the Company, be and is hereby appointed as a Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years with effect from 28.09.2018

8. To ratify the remuneration of Cost Auditors and to pass with or without modification the following Resolution as Ordinary Resolution

   Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and the applicable Rules framed there under, the remuneration of Rs. 25,000 exclusive of taxes plus out of pocket expenses incurred in connection with the audit payable to the Cost Auditors M/s. B.Ray & Associates, Cost Accountants (FRN 000155) for carrying out the Cost Audit with respect to manufacturing of sponge iron and generation of power at Palaspanga, Dist Keonjhar, Odisha for the Financial Year 2018-19 be and is hereby approved, ratified and confirmed.

Registered Office
OSIL House,
Gangadhar Meher Marg
Bhubaneswar - 751 024

CIN:L27102OR1979PLC000819
Phone: 033-22883910-16
Fax: 033-22272511
Email: corporate@orissasponge.com
Website: www.orissasponge.com

By order of the Board
Orissa Sponge Iron & Steel Limited

Kolkata, 18th August, 2018

Ankur Gupta
Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under the provisions of the Companies Act, 2013, the following explanatory statement set out all material facts relating to the special business mentioned therein:

Item No 4

Dr. P.K.Mohanty (DIN 00238329) was appointed as Managing Director at the Board Meeting held on 10.02.2018 for a period of 3 years from 11.02.2018 without any remuneration. As he is more than 70 years, approval of the Shareholders by Special Resolution is sought in terms of Schedule V Part I to the Companies Act, 2013.

The re-appointment of Dr. P.K.Mohanty as Managing Director as mentioned above was deliberated at the Nomination and Remuneration Committee at the Meeting held on 10.02.2018 wherein the Committee felt that the continuation of Dr. P.K.Mohanty in the position of Managing Director is crucial and important for the Company as it is going through difficult times and many important matters such as NPA Resolution with the Lenders, approval of iron ore mines from the appropriate authorities etc are in progress

The Board recommends the Resolutions for approval of the members

Except Mr. Munir Mohanty who is related to Dr. P.K.Mohanty, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

Item No 5

Mr. Munir Mohanty. (DIN 00264239) was appointed as Whole-time Director at the Board Meeting held on 10.02.2018 for a period of 3 years from 31.05.2018 without any remuneration. Approval of the Shareholders by Ordinary Resolution is sought in compliance of Section 152 of the Companies Act, 2013.

The re-appointment of Mr. Munir Mohanty as mentioned above was deliberated at the Nomination and Remuneration Committee at the Meeting held on 10.02.2018 wherein the Committee felt that the continuation of Mr. Munir Mohanty as Whole-time Director is necessary for managing the affairs of the Company at a time when the Company is passing through difficult times as the plant operations are shut down for a long time and there is no regular stream of revenue coming into the Company, meeting the bankers and NBFC to resolve the NPA issues, coordination with the stake holders etc. to find ways and means of restart of plant operations

The Board recommends the Resolutions for approval of the members

Except Dr. P.K.Mohanty who is related to Mr. Munir Mohanty, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

Item No 6 & 7

Ms. Renu Singal (DIN 05286398) and Mr. Chitranjan Aggarwal (DIN 00823166) were appointed as Additional Director of the Company by the Board on 18.08.2018 under Section 161(1) of the Act and the Article of Association of the Company. Therefore their term of office expires at the forthcoming Annual General Meeting

Having been categorized as Independent Directors, the Company has received declaration from the respective Directors that they meet the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013.

Pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 which came into effect from 1st April, 2014, the Independent Directors shall hold office for a term of five consecutive years on the Board of the Company and are not liable to retire by rotation. Further approval of the shareholders is required for their appointment.

The appointment of above Directors as Independent Directors was placed before the Nomination and Remuneration Committee (NRC) at the meeting held on 18th August, 2018. Considering their qualification and experience NRC observed that they are qualified to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the Company stand to gain by their association. Therefore the above mentioned Directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under as well as Regulation 25 of SEBI (LODR) Regulations, 2015

and are eligible and justified to be appointed as Independent Directors.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of the above mentioned Directors as Independent Directors is now being placed before the members for their approval.

The Board recommends the Resolutions for approval of the members

Except the above mentioned Directors in their respective individual capacity, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolutions.

Particulars of the Directors, seeking appointment / re-appointment as mentioned above in Item No 4 to 7 at the 38th Annual General Meeting in pursuance of Regulation 36 (3) of SEBI (LODR) Regulations, 2015 is given in Annexure A.

Item No. 7

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s B.Ray & Associates, Cost Accountants, was appointed as Cost Auditors to audit the Cost Records of the Company with respect to manufacturing of sponge iron and generation of power at Palaspanga, Dist Keonjhar, Odisha for the Financial Years 2018-19 at a remuneration of Rs 25000 per annum exclusive of taxes plus out of pocket expenses incurred in connection with the audit. In accordance with Rule 14 of the said Rules, approval of the shareholders is hereby sought for ratification of the remuneration payable for the Financial Year 2018-19 to the Cost Auditor as mentioned in the Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

The Board recommends the Resolution for the approval of the members

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By order of the Board
Orissa Sponge Iron & Steel Limited

Ankur Gupta
Company Secretary

Kolkata, 18th August, 2018

Notes

1. **A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.**
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
3. Members / Proxy should bring the attendance slip duly filled in for attending the meeting. The role of Proxy at the meeting shall be governed by the prevailing rules and regulations.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, 21st September 2018 to Friday, 28th September, 2018 (both days inclusive).**
5. All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday between 11.00 a.m. and 4.00 p.m.
6. Members are requested to intimate the change of their address if any, immediately to the Registrar & Transfer Agent of the Company (RTA).
7. Members who are holding the shares in physical form are requested to open a Depository Account with any of the Depository participants attached to any of the two depositories (NSDL or CDSL) registered under the Depositories Act, so that a member may hold share on paperless de-materialized form, and enjoy better liquidity and other advantages.
8. For all matters relating to shares, members are requested to contact the RTA/Company at the following address:

   Link Intime India Pvt. Limited, 59C, Chowringhee Road, 3rd Floor Kolkata - 700020. Phone No: 033-2289-0540 Fax No: 033-2289-0539 E-mail: kolkata@linkintime.co.in.

   OR

   Orissa Sponge Iron & Steel Limited (Share Department) Chatterjee International Center, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700071. Phone -2288 3910-16, Fax - 033-22272511, E-mail - corporate@orissasponge.com
9. Members, who have multiple accounts in identical names or joint names in same order, are requested to intimate M/s. Link Intime India Pvt. Limited, the ledger folio of such accounts to enable the Company to consolidate all such holdings into one account.
10. Section 72 of the Companies Act, 2013 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificate in physical form and willing to avail this facility may make nomination in Form SH 13, which may be sent on request. However, in case of DEMAT holdings the shareholders should approach their respective depository participants for recording nominations.
11. The Company has transferred unpaid/ unclaimed dividend for the financial year 2004-05 and earlier years to the Investor Education and Protection Fund (IEPF). Once unclaimed dividend is transferred to IEPF no claim shall lie in respect thereof.
12. Particulars of Directors seeking appointment / re-appointment at 38th Annual General Meeting in pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015 is given in Annexure A.
13. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in regard to the Special Business to be transacted at the meeting is enclosed and forms part of the notice.

14.The instructions for Voting

14.1 The instructions for shareholders voting electronically are as under:

a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company hereby provides members the facility to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Link Intime India Private Limited (LIIPL). The following are the instructions for e-voting purpose.

b) The voting period begins on Tuesday, 25th September, 2018 at 9.00 a.m. and ends on Thursday, 27th September, 2018 at 5.00 p.m. During this period, the shareholders of the Company, holding shares either in physical form

or in dematerialized form, as on the cut-off date ie 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by LLIPL for voting thereafter.

14.2 Instructions for shareholders to vote electronically:

Log-in to e-Voting website of Link Intime India Private Limited (LIIPL)

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Now select the EVENT NO from the website along with Orissa Sponge Iron & Steel Limited and click
5. Your User ID details are given below:
   a) **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
   b) **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
   c) **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company

   Your Password details are given below:

   If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

   Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For Shareholders holding shares in Demat Form or Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. • Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (5-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

d) After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

e) On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

f) If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

g) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

h) Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

i) You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

General Guidelines for shareholders:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**.
- They are also required to upload a scanned certified true copy of the board resolution /authority letter/ power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body' login** for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.
- The voting rights of shareholders shall be in proportion to their shares of the fully paid up equity shares capital of the company on the cut off date of 21st September, 2018
- Mr. Atul Kumar Labh, Practicing Company Secretary (Membership No. FCS 4848) of M/s. A.K.Labh & Company, Company Secretaries, 40, Weston Street, 3rd Floor, Kolkata 700013 has been appointed as Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the chairman of the Company.
- The results shall be declared after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.orissasponge.com and on the website of LIIPL within two days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

14.3 Instructions for Voting through Ballot Form

The Shareholders who are not able to vote electronically may vote through the Ballot Form at the venue of the Annual General Meeting

14.4 Mode of voting

A member can opt for only one mode of voting i.e either through e-voting or by ballot. If a member casts vote by both these modes, then voting done through e-voting shall prevail and the vote cast through ballot shall be treated as invalid.

Annexure A to the Notice

INFORMATION PURSUANT TO REGULATION 26 (4) and 36 (3) OF SEBI (LODR) REGULATIONS 2015 AND CLAUSE 1.2.5 OF THE SS 2 ARE AS UNDER:

Particulars	Dr.P.K.Mohanty	Mr. Munir Mohanty	Ms. Renu Singal	Mr. Chittaranjan Aggarwal
Date of Birth	06.01.1935	21.10.1962	08.05.1954	06.09.1963
Date of appointment/ re-appointment	09.04.1979/11.02.2018	30.04.2007/31.05.2018	18.08.2018	18.08.2018
Qualifications	Ph.D (Engg)	B.S. (Economics & Finance), MBA	B.SC	B.Com
Expertise in Specific Areas	A significant contributor for growth of Iron & Steel Industry. Also the Promoter of Torsteel Research Foundation in India, responsible for developing the production and scientific utilization of high strength reinforcing steel in India and making TOR Steel a household name. OSIL was promoted by him as the commercial sponge iron plant and under his leadership the Sponge Iron manufacturing process i.e. "OSIL Process" was established.	Proven experience in setting up new project for fruit and food processing, horticulture development, marketing, sales and business administration. Management of Company under challenging circumstances	Business Entrepreneur at young age and currently managing the business of several entities	Business Entrepreneur at the start of career and currently managing the business of several entities spread over various products.
Directorship in other Companies	o Oriqua Ltd o Patrapada Coal Mining Company Private Limited o Indian Titanium Products Limited o Tor-Anumana Technologies Private Limited o Bamra Iron And Steel Company (India) Limited o Torsteel Limited o Espira Envirotech (India) Private Limited o Keonjhar Infrastructure Development Company Limited o Torsteel Services Pvt Ltd o Tor-Comm Limited o T.R.F.I. Investment Pvt. Ltd o OSIL TRFI Community Services Private Limited	o Bilati (Orissa) Ltd o Oriqua Ltd. o Indian Titanium Products Limited o Tor-Anumana Technologies Private Limited o Torsteel Limited o Keonjhar Infrastructure Development Company Limited o Torsteel Services Pvt Ltd o Tor-Comm Limited o T.R.F.I. Investment Pvt. Ltd.	Temple Leasing And Finance Limited	o Jaydeep Electric India Pvt. Ltd. o Singalco Industries Private Limited o Kuldip Engineering Industries Limited o Rose Capital Services Pvt Ltd o Classic Transportation Private Limited o Meramandali Finvest Limited o Dhenkanal Finvest Limited o Globus Realinfra Private Limited o Immense Minerals And Mining Private Limited o Kasper Information Technology Private Limited o Landsky Real Estate Private Limited o Super Star Agency Private Limited
Shareholding in the Company as on 31.03.2018	Held in Own Name: 115555 Equity Shares Held for the beneficial interest of Trust: 2412089 Equity Shares	NIL	NIL	NIL
Chairman/Member of the Committee of the Board of Directors of other companies in which he/she is a Director (excluding in foreign Companies)	NIL	NIL	NIL	NIL

ANNUAL REPORT 2017-18

ORISSA SPONGE IRON & STEEL LIMITED

Board of Director

Mr. B.K.Sarkar	Director
Mr. A.K.Mukherjee	Director
Mr. S.K.Kar	Director
Mr. M.B. Bhagat	Director (Till 18.08.2018)
Ms. Nancy Roy	Director (Till 23.05.2018)
Mr. A.Tulsyan	Director (Till 02.07.2018)
Ms. Renu Singal	Director (From 18.08.2018)
Mr. C.R. Aggarwal	Director (From 18.08.2018)
Mr. M.Mohanty	Wholetime Director
Dr. P.K.Mohanty	Chairman & Managing Director

Director & CFO

Mr. M. Mohanty

Auditors

A.K.Bhardwaj & Co
Chartered Accountants
60 Bentinck Street
Kolkata - 700061

Registrar & Share Transfer Agent

Link Intime India Private Limited
59C, Chowringhee Road
3rd Floor
Kolkata – 700020

Registered Office

OSIL House
Gangadhar Meher Marg
Bhubaneswar - 751024

Corporate Office

CIC Building, 11th Floor
33A, Jawaharlal Nehru Road
Kolkata - 700071

Plant

P.O.Palaspanga
Dist. Keonjhar – 758 031
Odisha

Bankers

State Bank of India
Bank of India

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Orissa Sponge Iron & Steel Limited

DIRECTORS' REPORT

Your Directors submit the following report on Financial Results for the year ended 31st March 2018:

Financial Results

	For the year ended 31st March 2018 (Rs in lacs)	For the year ended 31st March 2017 (Rs in lacs)
Turnover	**59.60**	356.10
Profit / (Loss) before depreciation	**(9210.06)**	(7821.46)
Depreciation (net of revaluation adjustment)	**903.23**	929.65
Profit / (Loss) before tax	**(10113.29)**	(8751.11)
Provision for Deferred Tax-Assets	**((2740.34)**	(1265.94)
Profit /(Loss) after tax	**(12853.63)**	(10017.05)
Surplus(Deficit) brought forward from previous year	**(53249.17)**	(43261.61)
Surplus(Deficit) carried forward to next year	**(66073.31)**	(53249.17)

Adoption of Indian Accounting Standard (Ind AS)

The Company has adopted Indian Accounting Standard ("Ind AS") from 1st April, 2017 and accordingly the financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 financial reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules made there under. The standalone Ind AS financial statements comprise of the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statements and the Statement of Changes in Equity for the year then ended and a summary of Significant Accounting Policies and other Explanatory Statements. The Financial Results given above reflect the numbers as per Ind AS.

State of Affairs

The Company suspended production in June 2012 due to unviable cost economics and continuing losses. The loss for the financial year 2017-18 before tax amount to Rs. 10113.29 lakhs, In the present scenario resumption of plant operations and viability of the Company is largely dependent on availability of raw material from captive sources.

The net worth of the Company has been fully eroded as on 31st March, 2015 under the applicable provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA). The Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) in terms of Section 15(1) of SICA. While the matter was under consideration SICA stands repealed w.e.f 01.12.2016 and Section 5 of the SICA Repeal Act, 2003 provides for "saving" provisions which states that any rights/privileges accrued under the repealed enactment shall not be affected

State Bank of India on behalf of itself, Bank of India and Punjab National Bank have issued Possession Notice dated 24.04.2015 under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) in respect of the properties described in the notice. Indian Renewable Development Agency (IREDA) has also issued notice under Section 13(2) of SARFAESI. In addition, State Bank of India, Punjab National Bank and Edelweiss Asset Reconstruction Company Limited has also filed application under Section 19 (1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Debt Recovery Tribunal (DRT). IREDA is also pursuing the cases initiated by them against the Company for dishonour of cheques.

The Company submitted its proposal for a One Time Settlement (OTS) to all the Lenders. Four out of Five Lenders have given the sanction letter for OTS and sanction from the fifth Lender is expected shortly.

Dividend

Your Directors regret their inability to recommend any dividend for the year in view of losses

Reserves

The Reserves and Surplus as on 31.03.2018 is negative at Rs. 25132.62 lakhs

Future Outlook

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfillment of conditions as specified in the respective documents. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights Act) 2006 vide Letter dated 23rd June, 2016. The Company has also received approval under Section 2 (iii) of the Forest Conservation Act, 1980 for proceeding to execute the Mining Lease. However the matter has gone to the Court. The Company is hopeful of getting favourable judgement for execution of mining lease.

Availability of iron ore from captive mines will permit production at higher capacity and significantly improve profitability of the Company.

Changes in Capital Structure

Forfeiture of Equity Shares

Application money of 10% amounting to Rs. 159.75 lakhs received on 7,10,000 share warrants were forfeited during the year. due to non payment of balance 90% subscription money on 7,10, 000 share warrants for conversion into equivalent equity shares within a reasonable time after removal of impediments concerning these share warrants.

There is no other change in the capital structure of the Company during the year.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The Company does not have any unclaimed dividend for transfer to Investor Education and Protection Fund

Subsidiary Company

The Company has no subsidiary on the reporting date.

Directors and Key Managerial Personnel

(1) Independent Directors

The company has Five Independent Directors and there is no change at the year end. However post the reporting date Ms. Nancy Roy (DIN 07702150), Mr. Anurag Tulsyan (DIN 01035316) and Mr. Mukesh Bhushan Bhagat (DIN 00055064) resigned from the Board.

Your Directors place on record their appreciation for the valuable contribution of the aforesaid Directors as Directors as well as member of the Committees of the Board during their tenure of office.

Mr. Chitranjan Aggarwal (DIN 00823166) and Ms. Renu Singal (DIN 05286398) were appointed by the Board as Additional Directors at the Board Meeting held on 18.08.18 in the category of Independent Directors. Having been appointed as Additional Directors they hold office up to the date of the forthcoming Annual General meeting.

The Company has received declarations from the aforesaid Directors confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (LODR) Regulations, 2015. Accordingly their respective appointments for a term of 5 years as Independent Directors are being placed at the forthcoming Annual General Meeting for approval of shareholders

(2) Nominee Directors

Mr. S.K.Kar continues to be on the Board having been nominated by the promoters viz. Industrial Promotion and Investment Corporation of India

(3) Executive Directors

Dr. P.K.Mohanty was re-appointed as Managing Director w.e.f. 11.02.2018 at the Board Meeting held on 10.02.2018 for a period of 3 years without any remuneration. His appointment is subject to the approval of the Shareholders by Special Resolution at the ensuing AGM

Mr. Munir Mohanty was re-appointed as Whole Time Director w.e.f. 31.05.2018 prospectively on 10.02.2018 for a period of 3 years and subject to confirmation at the ensuring AGM in terms of Section 152 of the Companies Act, 2013

(3) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. S.K.Kar, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

(4) Key Managerial Personnel

Other than the Managing Director and the Whole-time Director, Mr. Ankur Gupta, Company Secretary and Compliance Officer is the only other Key Managerial personnel.

Meetings

(1) Meeting of the Board of Directors

During the financial year 2017-18, five meetings were held the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

(2) Meeting of the Independent Directors

In terms of Schedule IV of the Companies Act, 2013 and revised Regulation 25 (3) of SEBI (LODR) Regulation, 2015, a meeting of the Independent Directors was held on 10.02.2018, wherein the performance of the non independent Directors including the Chairman and the Board as a whole was reviewed. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

Corporate Governance

(1) Directors' Responsibility Statement

Pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

a) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures from the standards.

b) Accounting policies were selected are applied consistently. Judgments and estimates that are reasonable and prudent are made, so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of the Loss of the Company for the year ended on that date.

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Accounts for the financial year ended 31st March 2018 have been prepared on a 'going concern' basis.

e) The laid down internal financial controls to be followed by the company are adequate and are operating effectively

f) Proper system devised by the company to ensure compliance with the provisions of all applicable laws were adequate and are operating effectively

(2) Management Discussion and Analysis

A detailed report on the Management Discussion and Analysis for the year under review as stipulated under Regulation 34 ((2) (e) read with Section B of Schedule V of SEBI (LODR) Regulation, 2015 is provided as a separate Section in the Annual Report which forms part of this Directors Report

(3) Corporate Governance Report

A detailed report on Corporate Governance as stipulated under Regulation 34(3) read with Section C of Schedule V to SEBI (LODR) Regulation, 2015 is provided in a separate section and forms part of this Directors Report

A Certificate from M/s A.K.Labh & Co., Practicing Company Secretaries confirming the status of compliance with the conditions of Corporate Governance as stipulated under the aforesaid Regulation is attached to the Report on Corporate Governance.

(4) CEO & CFO Certification

As required under Regulation 17(8) read with Part B of Schedule II to SEBI (LODR) Regulation, 2015, the Managing Director & CFO has provided Compliance Certificate to the Board of Directors.

Related Parties

Related Party transactions are disclosed in Note No. 29 of the Notes on Accounts and forms part of this report.

There are no materially significant related party transaction made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large

Committees of the Board

(1) Audit Committee

The composition and terms of reference of the Audit Committee have been furnished in the Corporate Governance Report forming part of this Report. There has been no instance where the Board has not accepted the recommendation of the Audit Committee

(2) Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee have been furnished in the Corporate Governance Report forming part of this Report.

(3) Stakeholders Relationship Committee

The composition and terms of reference of the Stakeholders Relationship Committee have been furnished in the Corporate Governance Report forming part of this Report.

(4) Ethics Committee

The composition and terms of reference of the Ethics Committee have been furnished in the Corporate Governance Report forming part of this Report.

(5) Risk Management Committee

The composition and terms of reference of the Risk Management Committee have been furnished in the Corporate Governance Report forming part of this Report.

Policies and Codes

(1) Remuneration Policy

The Policy of the Company on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel including criteria for determining qualification, positive attributes, independence of a Director and other matters provided in Section 178 (3) of the Companies Act, 2013, is dealt in detail in the Report on Corporate Governance

(2) Whistle Blowers Policy

The Company has formed a Whistle Blower Policy/Vigil Mechanism as required under Section 177 (9) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulation, 2015 A Vigil (Whistle Blower) Mechanism provides a channel to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct / business ethics that provides for adequate safeguards against victimization of the director(s) and employee (s) who avail of the mechanism. No director / employee have been denied access to the Chairman of the Audit Committee. The said Policy may be referred to at the Company's Website.

(3) Risk Management Policy

The process of identification and evaluation of various risks inherent in the business environment and the operations of the company and initiation of appropriate measures for prevention and /or mitigation of the same are dealt with by the concerned operational heads under the overall supervision of the Managing Director of the Company. The Risk Management Committee periodically reviews the adequacy and efficacy of the overall risk management system.

(4) Policy on prevention of Sexual Harassment

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Woman at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. Internal Complaints Committee has been set up for the purpose. No complaint was received during the year. The Audit Committee periodically reviews the adequacy of the system on prevention of sexual harassment overall risk management system.

(5) Policy on Corporate Social Responsibility

The provisions of Section Section135 of the Companies Act, 2013 is not applicable to the Company. However the internal CSR Policy encompasses the Company's philosophy for giving back to the society as a corporate citizen. CSR activities in the Company are carried through OSIL TRFI Community Services Trust.

(6) Policy on determining Material Subsidiaries

As the Company has no subsidiary, the requirement of Regulation 34(3) read with Schedule V Part C (10) (e) of SEBI (LODR) Regulations 2015, is not applicable to the Company

(7) Policy on Materiality of and Dealing with Related Party Transactions

As required under Regulation 23 of SEBI (LODR) Regulation, 2015 the company has formulated a Policy on Materiality of and Dealing with Related Party Transaction and the same has been put up on the Company's Website.

(8) Code of Conduct

Code of conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices for prevention of Insider Trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading), Regulations, 1992, as amended from time to time, the Company has in place a comprehensive code of conduct for its Directors and Senior Management Officers, Which lays down guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company so as to preserve the confidentiality and prevent misuse of unpublished price sensitive information by Directors and specified employees of the Company. This policy also provides for periodical disclosures from designated employees as well as pre clearance of transactions by such persons so that they may not use their position or knowledge of the company to gain personal benefit or to provide benefit to any third parry.

Corporate Social Responsibility

Your Company provided financial assistance of Rs. 19.71 lakhs to Green Field School, located in Palaspanga, Dist. Keonjhar, Odisha for Children education. Your Company regrets its inability to provide the desired support for CSR activities due to financial loses suffered by the Company.

Quality

Your Company continues to follow the Quality Management System for Production and supply of Sponge Iron and Steel Billets and possesses Certificate of Registration of ISO 9001:2008 from British Certification Inc. Your Company is proud of maintaining the clean environment in the vicinity of the Plant and your Company's Environmental Management System applicable to production and supply of Sponge Iron and Steel Billets has been certified under ISO 14001:2004 by British Certification Inc. The occupational Health and Safety Management System of your Company has also been certified by the same Agency and your Company complies with the requirements of OHSAS 18001:2007.

Listing Fees

The annual listing fees have been paid to the Stock Exchanges up to 2018-19 where the Company's shares are listed. Your Company's application to National Stock Exchange (NSE) for listing and Calcutta Stock Exchanges for de-listing is pending before the respective Exchanges.

Reconciliation of Share Capital

In compliance of the directions of Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital is being carried out quarterly by a Practising Company Secretary. The findings of the Reconciliation of Share Capital were satisfactory.

Conservation of energy, technology absorption, foreign exchange earning and outgo

Since the plant operations are closed from June 2012, no figures are available for conservation of energy; technology absorption etc as required under the provisions of the Act read with Rule 8 (3) of the Companies (Accounts) Rules 2014.The relevant information applicable to the company under these circumstances are given below:

(1) During the year the Company has purchased electricity 546480 Units (last year 573360 units) from NESCO amounting to Rs. 45.86 lakhs (last year Rs. 46.08 lakhs)

(2) During the year the Company has neither earned nor spent in foreign currency.

Particulars of Employees

There were no employees drawing the requisite remuneration whose names are required to be disclosed as required under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Employee Benefit Schemes

The Company has been providing the following benefits to its employees:

Contribution to Employees Provident Fund to the approved scheme maintained by Orissa Sponge Iron Provident Fund, which is a Trust body formed in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("the Act"). Contribution is made at the statutory rate of 12% on the total of basic salary and Dearness Allowance. Contribution to Employees Pension Fund is made to the Government at the rate specified under the Act and the Employees Provident Fund and Miscellaneous Provisions Scheme, 1952 ("the Scheme"). The Company has not restricted the contribution to the salary limits specified under the Act at Rs. 15000 per month to give additional benefit to the employees. Under this scheme the employee gets pension after retirement from the Government throughout his life and additionally 50% of the pension on his death to the spouse for life.

Premium on Group Insurance Scheme taken with LIC to provide enhanced insurance benefit on death of the employee while in service in lieu of Deposit Linked Insurance Scheme of the Government.

Contribution to Gratuity Fund by payment of premium to LIC Group Gratuity Scheme to provide gratuity benefits to the employees on retirement, death or otherwise.

Industrial Relations

Industrial relations have by and large remained cordial during the year.

Audit/Auditors

(1) Statutory Auditors

M/s A.K.Bhardwaj & Co., Chartered Accountants, was appointed as Statutory Auditors under Section 139 of the Companies Act, 2013 at the Annual General Meeting of the Company held on 19.02.2016 to hold office for a period of five years up to the conclusion of the 40th Annual General Meeting. The Board recommends ratification of their appointment as Statutory Auditors at the ensuing Annual General Meeting for a period up to the conclusion of the 39th Annual General Meeting. Certificate from the Auditors have been received to the effect that their appointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013.

(2) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remunerations of Managerial Personnel) Rule 2014, the Company appointed Ms. Disha Dugar, Practicing Company Secretary to conduct Secretarial Audit for the financial year ended 31st March, 2018. The Report on Secretarial Audit is provided in the Annexure and forms part of this Report.

(3) Cost Auditors

Pursuant to the provision of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. B. Ray & Associates, Cost Accountants, Kolkata was re-appointed as Cost Auditor of the Company for the year 2017-18 to conduct audit of cost records maintained by the Company.

Auditors' Report

Explanation to remarks made in the Statutory Auditors Report and Secretarial Auditors Report pursuant to Section 134(3)(f) of the companies Act, 2013 is given in Annexure I forming part of the Directors Report.

Extract of Annual Return

The extract of the Annual Return in Form MGT 9 is provided in the Annexure and forms part of this Report.

Significant and Material Orders Passed by the Regulators/Courts/Tribunals

There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

Acknowledgement and Appreciation

The Directors acknowledge with gratitude the co-operation extended by Indian Renewable Energy Development Agency Limited, Edelweiss Asset Construction Company Limited, State Bank of India, Bank of India, Punjab National Bank, Central Government, State Government, Local and District Administration, Suppliers, Customers and Shareholders and solicit their continued support. The Directors also wish to place on records their sincere appreciation of the dedicated services put in by the Company's workers, staff and executives under difficult conditions.

For and on behalf of the Board

Munir Mohanty, Director
Dr. P. K. Mohanty, Chairman
& Managing Director

Place: Kolkata
Dated: 18th August, 2018

Annexure I to the Director's Report

Explanation to the Auditors' Report and Secretarial Auditors' Report pursuant to Section 134 (3) (f) of the Companies Act, 2013

(1) Explanation to Statutory Auditor's Report

a) Reference to Annexure B to the Audit Report vide Para 7 and 8, your Directors submit that due to shut down of plant operations since 2012 and in the absence of regular flow of funds, fund situation continues to be critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax and Provident Fund dues could not be paid.

b) Reference to Independent Audit Report vide Para 9 (a) and (b), your Directors submit that the Notes to Balance Sheet and Statement of Profit and Loss under the head Corporate Information gives full details of the State of Affairs of the Company and the justification for preparing the Accounts on the basis of going concern. For the same reasons deferred tax have been recognised in the Accounts as the Directors are of the opinion that on commencement of mining operations, the profit generated would be good enough to absorb the Deferred Tax.

c) There are no other observation or adverse remarks in the Auditors' Report which require any clarification/explanation in the Directors Report. The Notes on Accounts forming part of the financial statements are self-explanatory and needs no further explanation.

(2) Explanation to Secretarial Auditor's Report

a) Reference to para (I) A) (i) of the Report, your Directors submit that due to unforeseen urgent company's work, the Company Secretary could not attend two Board Meetings held during the reporting period. However, the Board and Committee meetings are properly conducted with the assistance of Corporate Consultant who is also a qualified and experienced Company Secretary.

b) Reference to para (I) A) (ii) & B) (iii) of the Report, your Directors submit that, The Board of Directors at the meeting held on 18.02.17 had to take a decision for cancellation of preference shares after a detailed review following a complaint made by a shareholder and confirmed by legal experts that the allotment of preference shares originally made was defective. Petition filed by the allottee under Section 241/242 of the Companies Act, 2013 before the NCLT against the said cancellation was heard and dismissed by NCLT with liberty to file fresh application on certain conditions. No fresh application has been filed so far.

c) Reference to the Audit Report vide Para (1) (B) (i) & (ii), (ix) B), (xiii) A) & (xvii) your Director submit that the claim made by the parties is disputed and being contested by the Company in the appropriate forums

d) Reference to Para (ix) A & B, and the concluding Para vide serial no I and II of the Audit Report, your Directors submit that due to shut down of plant operations since 2012 and in the absence of regular flow of funds, fund situation continues to be critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax, Provident Fund dues, Employee Pension Fund dues could not be fully paid.

e) Reference to para B (IV) (d) of the Report, your Directors submits that, it is matter of fact that the Company was subjected to an investigation by SEBI being suspected to be a Shell Company. However after proper representation before the appropriate authorities against the allegation, SAT has finally passed an Order on 12.10.17 revoking any further investigation.

f) Reference to the Audit Report vide Para (xvi) serial i, ii & iii, your Directors submit that due to non payment of the outstanding dues to the Lenders, they have taken action under SARFAESI and also filed an application before the DRT. The Company has taken steps for NPA Resolution and accordingly submitted a proposal for One Time Settlement with all the secured lenders. As on date four out of five lenders have given sanction letters for OTS. Approval from the fifth lender is also expected shortly.

g) Reference to Para A in the last page regarding SOP fine of the Audit Report, your Directors submit that, in pursuit of regularisation of corporate compliances, the Company has paid SOP fine imposed by BSE for delay in compliances/non compliances relating to earlier years and further complied with all the requirements as per SEBI (LODR) Regulations, 2015 during the period under review.

h) Other than the above observations of the Auditors in their Report which have been specifically addressed, no explanation is given on other observations as all of them comprise of statement of facts.

Orissa Sponge Iron & Steel Limited

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended 31st March, 2018

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

1. REGISTRATION AND OTHER DETAILS

i	CIN	L27102OR1979PLC000819
ii	Registration Date	9th April,1979
iii	Name of the Company	ORISSA SPONGE IRON & STEEL LTD
iv	Category /Sub-Category of the Company	Public Listed Company having Share Capital
v	Address of the Registered office and contact details	OSIL House, Gangadhar Meher Marg,Bhubaneswar-751024, Phone: 0674-3016500 to 503, Fax: 0674-3016505/535 E-mail:corporate@orissasponge.com Website: www.orissasponge.com
vi	Whether listed company Yes/ No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata-700020, Phone No:033-22890540, Fax No:033-2289-0539 E-mail: kolkata@linkintime.co.in Website:www.linkintime.co.in

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated. There is no business activity during the year due to shut down of plant operations since June 2012

SL. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Sponge Iron	24102	NA
2	Power generated from waste heat	35102	NA
3.	Sale of Technology & Engineering Services	71100	NA

3. 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
Not Applicable					

4. SHARE HOLDING PATTERN

i) Equity share Capital Breakup as percentage of Total Equity

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.Promoter									
1. Indian									
a) Individual/HUF	154155	-	154155	0.517	154155	-	154155	0.517	-
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.	1455999	-	1455999	4.888	1455999	-	1455999	4.888	-
d) Bodies Corporate	682190	3000000	3682190	12.361	682190	3000000	3682190	12.361	-
e)Banks/FI									-
f)Any Other	2550589	-	2550589	8.561	2550589	-	2550589	8.561	-
Sub- Total (A)(1)	4842933	3000000	7842933	26.327	4842933	3000000	7842933	26.327	-
2. Foreign									
a)NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any Other	-	-	-	-	-	-	-	-	-
Sub- Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	4842933	3000000	7842933	26.327	4842933	3000000	7842933	26.327	-

B.Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	3775	11837	15612	0.052	3775	11837	15612	0.052	-
b) Banks/FI	-	1240	1240	0.004	2000000	1240	2001240	6.718	6.714
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	200	-	200	0.001	200	-	200	0.001	-
h) Foreign Venture Capital Funds									
i) Others(specify)	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	5500000	-	5500000	18.462	18.462
Sub-Total (B)(1)	3975	13077	17052	0.057	7503975	13077	7517052	25.233	25.176
2. Non-Institution									
a) Bodies Corporate									
i) Indian	17775018	2805924	20580942	69.088	6452151	2805924	9258075	31.079	(38.009)
ii)Overseas	-	-	-	-	-	-	-	-	-
b) individuals									
i) individual Shareholders holding nominal share capital up to Rs.1 lakh	432629	316963	749592	2.516	425187	324231	749418	2.515	(0.001)
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	512596	49850	562446	1.888	4340076	49850	4389926	14.737	12.849
b) Others (specify)	37035	-	37035	0.124	32596	-	32596	0.109	(0.015)
Sub –Total(B)(2)	18757278	3172737	21930015	73.616	11250010	3180005	14430015	48.440	(25.176)
Total Public Shareholding (B)=(B)(1)+(B)(2)	18761253	3185814	21947067	73.673	18753985	3193082	21947067	73.673	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	23604186	6185814	29790000	100	23596918	6193082	29790000	100	-
D. Non Promoter-Non Public	-	-	-	-	-	-	-		
Custodian /DR Holder	-	-	-	-	-	-	-	-	-
Employee Benefit Trust Under SEBI (Share based Employee Benefit) Regulations, 2014	-	-	-	-	-	-	-	-	-
Total(A) +(B)+(C)+(D)	23604186	6185814	29790000	100	23596918	6193082	29790000	100	-

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No.of shares	% of total Shares of the company	% of Shares Pledged/ Encumber-ed to total shares	No.of shares	% of total Shares of the company	% of Shares Pledged/ Encumber-ed to total shares	%change in share holding during the year
1.	Torsteel Research Foundation In India	2550589	8.562	1.863	2550589	8.562	1.863	-
2.	TRFI Investment Pvt. Ltd	3682190	12.361	-	3682190	12.361	-	-
3.	Industrial Promotion & Investment Corp. of Odisha Ltd.	1455999	4.888	-	1455999	4.888	-	-
4.	Dr. Prasanta Kumar Mohanty	115555	0.387	0.386	115555	0.387	0.386	-
5.	Mrs. M.Mohanty	38600	0.129	-	38600	0.129	-	
	Total	7842933	26.327	2.249	7842933	26.327	2.249	-

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

SL. No.		Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year(31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7842933	26.32	7842933 (No Change)	(26.32 Change in %)
	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):	NA.		NA.	
	At the End of the year	7842933	26.32	7842933	26.32

There is no change in Promoters' Shareholding between 01.04.2017 and 31.03.2018

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

SL. No.	Name of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Standard Chartered Bank	-	-	5500000	18.46
2.	Shubham Gupta	-	-	3827480	12.85
3.	Saini Alloys Pvt.Ltd.	-	-	2790000	9.36
4.	ICICI Bank Ltd.	-	-	2000000	6.71
5.	Monnet Ispat & Energy Ltd.	9494633	31.87	1994633	6.69
6.	Ultra Modern Exports Private Ltd.	999900	3.35	999900	3.35
7..	Multistar Construction Pvt.Ltd.	999900	3.35	999900	3.35
8.	Matchless Infrastructure Private Limited	803298	2.70	803298	2.70
9.	Brightsun Merchants Private Limited	647936	2.17	647936	2.17
10.	BNS Tours and Travels Private Limited	513951	1.72	513951	1.72

(v) Shareholding of Directors and Key Managerial Personnel

		Shareholding at the beginning of the year		Shareholding at the end of the year	
1.	Dr.Prasanta Kumar Mohanty, Chairman & Managing Director	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the Beginning of the year	115555	0.387	115555	0.387
	Date –wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/sweat equity etc)	None		None	
	At the end of the year	115555	0.387	115555	0.387

vi) Indebtness

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

	Secured Loans, Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs.in Lacs)
Indebtness at the beginning of the financial year				
I) Principal Amount	21350.68	2106.77	-	23457.45
ii)Interest due but not paid	30812.35	214.18	-	31026.53
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	52163.03	2320.95	-	54483.98
Change in indebtness during the financial year				
Addition	-	100.00	-	100.00
Reduction	395.67	49.00		444.67
Net Change	395.67	51.00	-	344.67
Indebt ness at the end of the financial year				
i) Principal Amount	20955.01	2157.77	-	23112.78
ii) Interest due but not paid	39105.39	214.18	-	39319.57
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	60060.40	2371.95	-	62432.35

I REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SL.No.	Particulars of Remuneration	Dr.P.K.Mohanty	Mr.Munir Mohanty	Total
1.	Gross Salary (a) Salary as per provision contained in Section17(1) of the Income –taxAct,1961 (b) Value of perquisites u/s 17(2) of the Income tax, Act,1961 (c) Profits in lieu of salary under Section 17(3) of the Income –tax Act,1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	- as % of profit - others, specify	NA	NA	NA
5.	Others, please specify (Contribution to Provident Fund, Pension , Gratuity and Superannuation Funds	NA	NA	NA
6.	Total(A)	NIL	NIL	NIL
	Ceiling as approved by the Central Government (exclusive of exempted items)	NIL	NIL	NIL

B. Remuneration to other Directors:

SL.No.	Particulars of Remuneration	Mr.B.K.Sarkar Independent Director	Mr.A.K. Mukherjee Independent Director	Ms. Nancy Roy Independent Director	Mr.S.K.Kar Non Executive Director	Mr.M.B. Bhagat Independent Director	Mr. A. Tulsyan Independent Director	Total Amount
1.	Independent Directors							
	-Fee for attending Committee meetings	20000	3000	10000	-	55000	36000	124000
	-Commission	-	-	-	-	-	-	-
	-Others, please specify	-	-	-	-	-		-
	Total(1)	20000	3000	10000	-	55000	36000	124000
2.	Other Non-Executive Directors							
	-Fee for attending Board Meetings	20000	50000	10000	50000	50000	30000	210000
	Fee for attending Committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	-Other, please specify	-	-	-	-	-	-	-
	Total(2)	20000	50000	10000	50000	50000	30000	210000
	Total(B)=(1+2)	40000	53000	20000	50000	105000	66000	334000
	Total Managerial Remuneration	40000	53000	20000	50000	105000	66000	334000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA

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

SL. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr Ankur Gupta	Total
1.	Gross Salary (a) Salary as per provisions contained in Section17(1)	540000	540000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	-	-
	(c) Profit in lieu of salary under Section 17(3) of the Income-tax Act,1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit - other , specify	-	-
5.	Others, please specify (Contribution to provident Fund, Pension, Gratuity & Superannuation Fund	-	-
6.	Total	540000	540000

II PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
There were no penalties/punishment/ compounding offences or breach of any section of the Companies Act, 2013 against the company or any of its directors or other officers in default, if any, during the year 2017-18. However SOP fine of Rs. 24,62,660 imposed by BSE due to delayed compliances and non compliances relating to previous years was paid during the year.					

MANAGEMENT DISCUSSIONS AND ANALYSIS

i) Industry structure and developments:

The Company operates coal based Sponge Iron Plant (250,000 TPY), Waste Energy Recovery based Power Plants (36 MW) and a Billet making Plant (100,000 TPY). Growth in this sector of the Industry has slowed down for the last couple of years due to weak demand but gradually undergoing a transformation for the better. Sponge Iron is one of the sources of metallic used for steel making. For better capacity utilization and for desired quality of Sponge Iron it is important to use the right qualities of raw materials i.e. iron ore and coal. Performance of Waste Energy Recovery based Power Plant depends on capacity utilization of the Sponge Iron Plants. Surplus power is sold generating revenue. Many Sponge Iron Plants are closed or facing the threat of closure due to shortfall in the supply of iron ore and coal as well as high cost of such inputs.

ii) Opportunities and threats:

Opportunities:

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfillment of conditions as specified in the respective documents. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights Act) 2006 vide Letter dated 23rd June, 2016. The Company has also received approval under Section 2 (iii) of the Forest Conservation Act, 1980 for proceeding to execute the Mining Lease. However the matter has gone to the Court. The Company is hopeful of getting favourable judgement for execution of mining lease.

Threats:

Cost of iron ore and coal i.e. the basic raw material has a direct impact on the profitability. Iron Ore price of the required grade has become un-remunerative and availability has suffered to a great extent due to various restrictions imposed by the authorities. Coal India's New Coal Distribution Policy has disrupted coal linkages forcing producers to procure more e-auction coal and use imported coal. Coal India has also increased the price of coal substantially. The situation is expected to change for the better in the near future.

iii) Segment-wise or product-wise performance:

The Company's business activities falls within a single primary business segment viz. "Iron & Steel" in accordance with the Accounting Standard 17. Since June 2012, the plant has been shut down due to various difficulties. Efforts are being made to restart the plant operations on commencement of mining operations when iron ore from own mines will be available for captive use.

During the year production of sponge iron, steel billets and power was Nil (Last year Nil) as the Plant as a whole was shut down. During the year the Company has purchased electricity 546480 Units (last year 573360 units) from NESCO amounting to Rs. 45.86 lakhs (last year Rs. 46.08 lakhs). The Company has neither earned any income nor incurred any expenses in foreign exchange during the year.

iv) Outlook:

Company's goal is to first do all that is necessary to obtain mining clearances so that mining operations from captive mines could commence as soon as possible. On achieving this goal efforts would be made to set up the project for production of one million tonne of steel.

v) Risks and concerns:

Sponge Iron industry is compelled to operate where basic raw material prices i.e. iron ore and coal are dictated. This totally shatters the cost effectiveness and the industry operates under a razor thin margin or with no or negative margin. Price of sponge iron is sensitive to demand supply position of steel scrap and selling prices of long products.

Contingent liabilities have been disclosed under Note No.34 of Notes on Financial Statements.

vi) Internal control system and its adequacy:

The Company has an adequate system of Internal Control commensurate with its size and nature of operations. It provides reasonable controls that all assets are safeguarded; transactions are authorized, recorded and reported properly. Internal Auditors, a firm of Chartered Accountants, conduct audit on various activities of the Company and reports to the Audit Committee constituted by the Board which Committee meets regularly and reviews audit issues and follows up implementation of corrective actions. A Cost Auditor has been appointed for reviewing Cost Accounting records.

vii) Discussions on financial performance with respect to operational performance:

Due to continuing shut down of plant operations since June 2012, the Company suffered loss of Rs. 101.13 crores before tax for the year under review (last year Rs. 87.51 crores). Total income decreased to Rs. 0.59 crores (last year 3.56 crores Earnings in foreign exchange on sale of technology amounted to Rs. Nil (last year Rs.Nil). Loss after considering deferred tax this year amounted to Rs. 128.54 crores as compared to Rs. 100.17 crores last year. There was neither any production nor sale pf power during the year as well as the previous year. Deferred Tax charge of Rs. 27.40 crores (last year Rs. 12.66 crores) has been considered in the Annual Accounts as sufficient taxable profit is envisaged in future years

viii) Material developments in Human Resources / Industrial Relations front including number of people employed:

The man power strength of the Company reduced to 256 employees as on 31.03.2018 as compared to 325 employees as on 31.03.2017 due to resignation, retirement, termination and death of some employees. Lockout of the plant declared on 14.10.2012 due to illegal strike by the Workers' union was lifted on 30.12.2013 following settlement with them on 27.12.2013.

ix) Cautionary Statement:

The Management Discussions and Analysis describing Industry Structure, Developments, Opportunities, Threats etc. aims at a forward looking approach based on present applicable Laws & Regulations. Actual Results may differ from such expectations, projections etc. whether expressed or implied. Important factors that can influence and can make a difference in Company's operations include effect of demand and supply leading to price differentials in both domestic and international markets, changes in the regulations, tax laws and other statutes and other factors like infrastructure facilities, natural calamities etc. over which the Company do not have a direct control.

REPORT ON CORPORATE GOVERNANCE

In accordance with Regulations 34(3) of the SEBI (LODR) Regulations, 2015 read with the disclosure requirements relating to the Corporate Governance Report contained in Schedule V of SEBI (LODR) Regulations, 2015 the details of compliance by the company with the norms on Corporate Governance are as under:

1. Company's Philosophy on Code of Corporate Governance:

The Company's philosophy on Corporate Governance is to conduct its business with responsibility, honesty, integrity and fairness and in a transparent manner to meet its obligations to shareholders' and all other stakeholders' value with best practices of Corporate Governance. This code is also a tool in carrying the corporate social responsibility in an ethical and effective manner.

2. Board of Directors:

The Company has a Whole Time Executive Chairman & Managing Director and a Whole Time Executive Director both representing the promoters' viz Torsteel Research Foundation in India (TRFI). Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) has nominated a Non Executive Director on the Board. The promoters i.e. TRFI and IPICOL have nominated two and one Directors respectively on the Board. The number of Independent Directors is more than half of the total number of Directors on the Board.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees in accordance with Regulation 26 of SEBI (LODR) Regulations, 2015 , across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other Companies as on 31.03.2018 are given below:

(A) Composition & Category of Directors is as follows:

Name of Directors	Category	Attendance in Board Meeting	Whether attended the last AGM held on 23rd September, 2017	Directorship in Other Public Limited Companies #	No. of membership / chairmanship of the Committees held in other Public Ltd. Companies #
1. Dr. P.K. Mohanty DIN 00238329	Chairman and Managing Director (Promoter Director)	5	Yes	4	_
2. Mr. B. K. Sarkar DIN 00670952	Non Executive (Independent)	2	No	1	_
3. Mr. M. Mohanty DIN 00264239	Executive Director (Promoter Director)	3	Yes	5	_
4. A.K.Mukherjee DIN 00047844	Non Executive (Independent)	5	No	1	_
5. Mr. S.K..Kar DIN 07220972	Non Executive (IPICOL Nominee)	5	No	_	_
6. Ms. Nancy Roy DIN 07702150	Non Executive (Independent)	1	No	_	_
7. Mr. M. Bhagat DIN 00055064	Non Executive (Independent)	5	Yes	_	_
8. Mr. A.Tulsyan DIN 01035316	Non Executive (Independent)	3	No	1	3

Number of Directorships/ Memberships held in other companies excludes Directorship/ Membership in private limited companies, foreign companies, membership of various committees of various chambers / bodies and Companies under Section 8 of the Companies Act, 2013 and Alternate Directorship whereas the Membership or Chairmanship of any Committee includes Audit Committee and Stakeholders' Relationship Committees only.

Notes:
1. Dr. P. K. Mohanty and Mr. M. Mohanty are related to each other.
2. Dr. P.K.Mohanty was re-appointed as Managing Director w.e.f. 11th February, 2018 at the Board Meeting held on 10th February, 2018
3. Mr. Munir Mohanty was re-appointed as Wholetime Director & CFO prospectively from 31st May, 2018 at the Board Meeting held on 10th February, 2018.
4. All the Directors are above 21 years of age.
5. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
6. Details of Directors seeking appointment / re-appointment in 38th Annual General Meeting are given with the Notice to the Annual General Meeting.

The meetings of the Board are governed by a structured agenda. The agenda papers are circulated in advance before each meeting to all the Directors. All Board members have access to accurate, relevant and timely information to fulfill their responsibilities. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings.

Necessary information as required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 have been placed before and reviewed by the Board from time to time. The Board also periodically reviews compliance by the Company with the applicable laws /Statutory requirements concerning the business and affairs of the Company.

(B) Details of Board Meeting held during the financial year 2017-18:

Sl.No.	Date	Board Strength	No. of Directors present
1.	13.05.2017	8	5
2	27.05.2017	8	7
3.	12.08.2017	8	6
4.	11.11.2017	8	5
5.	10.02.2018	8	6

(C) Change in Directorship during the financial year 2017-18:

There is no change in the Directorship during the financial year 2017-18. However post the reporting date, Mr. Chitranjan Aggarwal (DIN 00823166) and Ms. Renu Singal (DIN 05286398) were appointed by the Board as Additional Directors at the Board Meeting held on 18.08.18 in the category of Independent Directors. Further post the reporting date, Ms. Nancy Roy (DIN 07702150), Mr. A.Tulsyan (DIN 01035316) and Mr. Mukesh Bhushan Bhagat (DIN 00055064) resigned from the Board on 24.05.18, 03.07.18 and 18.08.18 respectively.

3. Audit Committee:

The Board of Directors has reconstituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 177 of the Companies Act, 2013, provisions of Regulation 18 of SEBI (LODR) Regulations 2015 and other relevant statutory / regulatory provisions besides other terms as referred by the Board of Directors which includes review of Financial Results, Audit Reports, reviewing with Internal Auditors and Statutory Auditors about the nature and scope of Audits and of the adequacy of internal control system.

During the Financial Year 2017-18, four meetings of the Audit Committee were held on 27.05.2017, 12.08.2017, 10.11.2017, 10.02.2018.

Mr. Mukesh Bhusan Bhagat, an Independent Director is the Chairman of the Audit Committee.

The composition of the Audit Committee as on 31.03.2018 and the attendance of each committee member during the year is as given here under:

Name of the Director	Category	No. of Audit Committee Meeting held	No. of Audit Committee Meeting Attended
Mr. Mukesh Bhusan Bhagat	Non Executive & Independent	4	4
Mr. B.K.Sarkar	Non Executive & Independent	4	2
Mr. Anurag Tulsyan	Non Executive & Independent	4	3
Ms. Nancy Roy	Non Executive & Independent	4	1

Mr. Ankur Gupta, Company Secretary acts as the Secretary to the committee.

4. Nomination and Remuneration Committee:

The Board at its meeting held on 18th February 2017, reconstituted the "Nomination and Remuneration Committee" (NRC) with the scope as prescribed under the provisions of Section 178 (1) of the Companies Act,2013 read with Regulation 19 of the SEBI (LODR) Regulations 2015 besides other terms as referred by the Board of Directors. The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board appointment / reappointment of Managing / Whole–time Directors, other Directors and Key Managerial Personnel and decide on the salary, perquisites and commission to be paid to them etc. along with evaluation of the remuneration policy of the Company.

Ms. Nancy Roy is the Chairperson of the Nomination and Remuneration Committee.

During the year ended 31st March, 2018, only one meeting of the Committee was held on 10th February, 2018.

The composition of the Nomination and Remuneration Committee as on 31.03.2018 and the details of meetings attended by the Directors are given below:

Name of the Director	Category	No. of Remuneration Committee Meetings held	No. of Remuneration Committee Meeting Attended
Ms. Nancy Roy	Non Executive & Independent	1	-
Mr. A.K.Mukherjee	Non Executive & Independent	1	1
Mr. Mukesh Bhusan Bhagat	Non Executive & Independent	1	1
Mr. Anurag Tulsyan	Non Executive & Independent	1	-

5. Ethics Committee:

In accordance with the Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 2015, as amended (the Regulations), the Board of Directors of the company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The Code is based on the principle that Directors and Employees of the company owe a fiduciary duty to, among others, the shareholders of the company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the company to enable them to take informed investment decisions with regard to the company's securities. The Company Secretary is the Compliance Officer under the above mentioned Code.

No meeting of the Committee was held during the year 2017-18.

The composition of the Ethics Committee as on 31.03.2018 is as given here under:

Name of the Director	Category
Mr. B.K.Sarkar	Non Executive & Independent
Mr. A.K.Mukherjee	Non Executive & Independent

Mr. B.K.Sarkar is the Chairman of the Ethics Committee

6. Stakeholders Relationship Committee:

The Board at its meeting held on 18th February, 2017 reconstituted the Stakeholders Relationship Committee to exercise powers and discharge functions as stipulated in Section 178(5) of the Companies Act, 2013, read with the provisions of Regulations 20 of SEBI (LODR) Regulations, 2015 and other relevant statutory / regulatory provisions besides other terms as referred by the Board of Directors. This committee primarily looks after the redressal of investors' grievances like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc.

Stakeholders' Relationship Committee held four meetings during the financial year 2017-18, on 13.05.2017, 12.08.2017, 11.11.2017 and on 10.02.2018,

Mr. Anurag Tulsyan an Independent Director is the Chairman of Stakeholders Relationship Committee.

The composition of the Stakeholders Relationship Committee as on 31.03.2018 and the attendance of each committee member are as under

Name of the Director	Category	No. of Committee Meeting held	No. of Committee Meeting Attended
Mr. Anurag Tulsyan	Non Executive & Independent	4	2
Mr. Mukesh Bhusan Bhagat	Non Executive & Independent	4	4
Mr. M. Mohanty	Executive Director & CFO	4	3
Dr. P.K Mohanty	Executive Chairman & Managing Director	4	4

7. Risk Management Committee:

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015.

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

The composition of the Risk Management Committee as on 31.03.2018 is as given hereunder:

Name of the Director	Category
Dr. P.K.Mohanty	Chairman & Managing Director
Mr. Munir Mohanty	Executive Director & CFO

Dr. P. K. Mohanty, Chairman & Managing Director is the Chairman of the Risk Management Committee. One meeting of the Committee was held during the year 2017-18 on 10.02.2018.

8. Board Evaluation

(1) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and in compliance with the requirements of SEBI (LODR) Regulations, 2015 and in accordance with the guidance note issued by SEBI on 5th January, 2017, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committee, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Key Managerial Personnel. The Directors expressed their satisfaction with the evaluation process.

Meeting of Independent Directors was held on 10.02.2018 for evaluation of the Board as a whole, the Chairperson and the Non Independent Directors including the functioning of the Committees and flow of information for proper functioning of the Board.

(2) Appointment and remuneration policy for Directors, Key Managerial Personnel and Senior Management Personnel

The Nomination and Remuneration Committee (NRC) has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director/Executive Directors, other Key Managerial Personnel and their remuneration.

1. (i) Criteria of selection of Non Executive Directors

a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the Independent nature of the Directors Vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.

c. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

d. The NRC shall consider qualification, expertise and experience of the Directors in their respective fields; personal, professional or business standing; diversity of the Board etc, whilst recommending to the Board the candidature for appointment as Director.

e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration of the performance evaluation of the Director and his engagement level.

f. At the first meeting attended by the newly appointed Director, a brief training session in the form of familiarization with the business activities of the Company is imparted. The Company Secretary also briefs the Directors about the prevailing provisions of the Companies Act, 2013; the Rules made there under provisions of the SEBI (LODR) Regulations, 2015 in respect of corporate governance, SEBI Guidelines etc. concerning the Directors. The Company has laid down a detailed programme for familiarization of Independent Directors after their appointment which is displayed on the website of the company, viz, www.orissasponge.com.

(ii) Remuneration to Non Executive Directors

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the Board/Committee Meetings

2. Criteria for selection and appointment of the Managing Director (MD)/ the Executive Director (ED)

For the purpose of selection of the MD/ED, the NRC Committee shall identify persons of integrity, who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration Policy for the Managing Director/Executive Director

i. At the time of appointment or re-appointment, the MD/ED shall be paid such remuneration as may be permitted under the Companies Act, 2013 and mutually agreed between the Company (which includes the NRC Committee and the Board of Directors) and the MD/ED within the overall limits prescribed under the Companies Act, 2013 read with relevant Rules and Schedules framed there under.

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ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

iii. The remuneration of the MD/ED is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retrial benefits. The variable component comprises commission.

iv. In determining the remuneration (including the fixed increment and performance bonus) the NRC shall ensure/consider the following:

a. the relationship of remuneration and performance benchmarks is clear;

b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

c. responsibility required to be shouldered by the MD/ED, the industry benchmarks and the current trends;

d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs.

3. Remuneration Policy for the Key Managerial Personnel/Senior Management Employees

I. In determining the remuneration of the Senior Management Employees (i.e KMP's and Executive Committee Members) the NRC shall ensure/consider the following:

i. the relationship of remuneration and performance benchmark is clear.

ii. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals

iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.

II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the NRC for its review and approval.

9. Payment to Directors:

The Directors of the Company excluding Whole-time Directors have been paid sitting fees for attending meetings of the Board of Directors and Committee of Directors. The details of the payment made to the Directors during the financial year 2017-18 are as follows:

Name of the Director	Executive/ Non- Executive	Sitting Fees `	Remuneration `
Mr. B. K. Sarkar	Non Executive	40,000	_
Mr. A.K.Mukherjee	Non Executive	53,000	_
Mr. S.K.Kar*	Non Executive	50,000	_
Ms. Nancy Roy	Non Executive	20,000	_
Mr. M.B.Bhagat	Non Executive	105,000	_
Mr. Anurag Tulsyan	Non Executive	66,000	_
Dr. P.K. Mohanty**	Executive		_
Mr. M. Mohanty**	Executive		_

*Being IPICOL Nominees, sitting Fees are paid to IPICOL.

10. Compliance Officer

Name	Mr. Ankur Gupta, Company Secretary
Address	CIC Building, 11th Floor, 33A Jawaharlal Nehru Road, Kolkata – 700 071
Phone No.	033-22883910-16
Fax No.	033-22267470
E-mail	corporate @orissasponge.com
Company Website	www.orissasponge.com

11. Shareholder's Complaints:

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints	Resolved	Pending
Non- Receipt of Share Certificates	1	1	0
Non-Receipt of Annual Report	2	2	0

12. General Body Meetings:

Location and the time where last three AGM/ EGM of the Company were held:

Year	Type	Location	Date	Time	No. of Special Resolutions
2014-15	35th AGM	Bhubaneswar	19.02.2016	11.00a.m	None
2015-16	36th AGM	Bhubaneswar	16.12.2016	11.00a.m	Two
2016-17	37th AGM	Bhubaneswar	23.09.2017	11.00a.m	Two

Special Resolution passed in previous three AGM/ EGM: Four

One Postal Ballot was conducted during the year for amendment of Memorandum and Articles of Association of the Company. Two Special Resolutions were passed through Postal Ballot.

The Shareholders were provided the facility for remote e-voting and physical ballots. Mr. A.K.Labh, Practicing Company Secretary, Membership No FCS 4848 CP No 3238 was appointed as the Scrutinizer for duly conducting the Postal Ballot.

None of the resolutions propose for the ensuing Annual General Meeting need to be passed by Postal Ballot.

13. Disclosures:

(a) Related party disclosure:

The particulars of transactions between the Company and related parties as per the Accounting Standards are mentioned separately in Note No.29 of the Notes to the Financial Statement. However these transactions are not likely to have any conflict with the Company's business interest. The related party policy is displayed on the website of the Company, viz, www.orissasponge.com.

(b) Matters relating to stock Exchange , SEBI, Capital Market:

(1) Listing fee to the Stock Exchange for the financial year 2018-19 has been paid.

(2) Out of 105 Lakhs Share Warrant issued by the Company in earlier years, 97,90,000 warrants have been converted into equity shares and the application money paid on the balance of 7,10,000 warrants were forfeited due to non payment of the balance money within a reasonable time.

(3) Listing approval from BSE for issue of 30 lacs, 15 lacs and 12.90 lacs shares was received during the year. As on date all the issued and paid up capital are listed.

(4) SOP fine towards penalty imposed by BSE Rs. 24,62,660 for delay in certain compliances and non compliances relating to earlier years was paid during the year. During the year no penalty has been imposed by BSE.

(5) The Company has received "in principle" approval from BSE for revocation of suspension from trading in the shares. Final approval for trading will be granted on compliance of certain matters listed in the letter.

(c) Disclosure of Accounting Treatment:

Company has adopted Indian Accounting Standard ("Ind AS") from 1st April, 2017 and accordingly the financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 financial reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules made there under

(d) The Company has formed a Vigil Mechanism as required under Regulation 22 of SEBI (LODR) Regulations, 2015 . No personnel has been denied access to the Audit Committee. The said Policy is displayed on the Website of the Company viz, www.orissasponge.com.

(e) Proceeds from public issues, right issues, preferential issues etc.

The company has not made any capital issues during the year.

Commodity price risk or foreign exchange risk and hedging activities: Nil

14. Means of Communication:

The quarterly financial results are generally published in Business Standard in English and in Odiya Bhaskar in Odia. The Financial Results are also uploaded on the Company's website **www.orissasponge.com** for the information of shareholders and public at large. The website is updated from time to time to incorporate therein the details as required by Regulation 46 of SEBI (LODR) Regulations, 2015.

15. General Shareholder Information:

(a)	38th Annual General Meeting	Day: Friday Date:28.09.2018 Time: 11.00 a.m. Venue: Hotel Grand Central Bhubaneswar
(b)	Financial Calendar for 2018-19 (Tentative):	
	Board Meeting for un audited financial results for the quarter ending 30th June, 2018	2nd week of August, 2018
	Board Meeting for un audited financial results for the quarter ending 30th September, 2018	2nd week of November, 2018
	Board Meeting for un audited financial results for the quarter ending 31st December, 2018	2nd week of February, 2019
	Board Meeting for audited financial results for the quarter ending 31st March, 2019	Last week of May, 2019
(c)	Annual Accounts 2018-2019	May, 2019
(d)	Date of Book Closure	21.09.2018 to 28.09.2018 (both days inclusive)
(e)	Listing on Stock Exchange	Bombay Stock Exchange Calcutta Stock Exchange (Applied for de-listing) National Stock Exchange (Applied for listing)
(f)	Stock Code	Bombay Stock Exchange-504864 Calcutta Stock Exchange - 025083
(g)	Demat ISIN Number in NSDL & CDSL for Equity Shares	INE 228D01013
(h)	Website	The Company has a website www.orissasponge.com which is updated from time to time to incorporate therein the details as required by Regulation 46 of SEBI (LODR) Regulations, 2015.

(i) Stock Market Data:

Trading of OSISL's share was suspended w.e.f. 25th February,2016, no trading occurred during the year 2017-18 . The company has received in principle approval for revocation of suspension vide BSE letter dated 19.06.18 and on completion of the terms and conditions mentioned in the letter, final approval is expected for resumption of trading in the shares of the Company

(j) Registrar and Transfer Agents:

The share management work, both physical and demat, is being handled by the Registrar and Share Transfer Agent of the Company whose name and address is given below:

Link Intime India Pvt. Limited, 59C, Chowringhee Road, 3rd Floor Kolkata – 700020, Phone No: 033-2289-0540, Fax No: 033-2289-0539, E-mail: kolkata @ linkintime .co. in.

All communication regarding share transactions, change of address, bank mandate, nominations etc. should be addressed to the Registrar and Share Transfer Agents at the above address.

(k) Share Transfer System:

Share Transfer requests valid and complete in all respects are normally, processed within fifteen days. All efforts are made by the Company and the Registrar and Share Transfer Agents for expediting share transfers. Valid requests for demat of shares are completed within 15 days.

The Company received 2 cases of Share Transfer comprising of 760 shares. Number of Transmission cases received during the year was 1 comprising of 55 shares and 1 cases of sub-division/duplicate/consolidation/replacement of shares comprising of 10 shares was received during the year.

(l) Distribution of share holdings as on 31.03.2018

No. of Shareholding	Share Holders		Total Share	
	Number	% to total	Number	% to total
1-100	3199	61.14	122808	0.41
101-500	1710	32.68	328011	1.10
501-1000	163	3.12	119994	0.40
1001-2000	82	1.57	109628	0.37
2001-3000	21	.40	51962	0.17
3001-4000	6	0.12	20950	0.07
4001-5000	12	0.23	55934	0.20
5001-10000	10	0.19	71815	0.24
10001-50000	10	0.19	250183	0.84
50001-100000	0	0	0	0
100001 and above	19	0.36	28658715	96.20
Total	**5232**	**100.00**	**29790000**	**100.00**

Shareholding pattern as on 31-03-2018

	No.of Shares	Holding %
Promoter & Promoter Group	78,42,933	26.33
Public -Financial Institutions (Indian & Foreign) & Mutual Funds -Non-Institutions	 75,17,052 1,44,30,015	 25.23 48.44
Total	2,97,90,000	100.00

(m) Shares held by Non-Executive Directors:

Non-Executive Directors do not hold any shares in the Company.

(n) Subsidiary Company:

The Company has no subsidiary on the Reporting date.

(o) Dematerialization of Shares

As per SEBI's direction, the Company has signed tripartite agreements with both NSDL & CDSL and Registrar & Transfer Agent. Accordingly, dematerialization facility for the shares of the Company is available and it is in the interest of all the shareholders to convert their physical holdings into the electronic holdings by dematerialization.

During the year the company received 11 cases for dematerialization comprising of 1918 shares. As on 31st March, 2018, 2,35,96,918 shares were held in dematerialized form which constitute 79.21% of total number of subscribed shares.

(p) Outstanding GDRs / ADRs/ warrants or any convertible instruments, conversion date and likely impact on equity: NIL

16. Key locations of the Company with the activities carried on:

Registered Office:
OSIL House, Gangadhar Meher Marg, Bhubaneswar 751 024.
Phone: 0674-3016500 to 503 Fax: 0674- 3016505/535
E-mail: orisponge@gmail.com.
Company Website: www.orissasponge.com

Plant:
P.O. : Palaspanga, District – Keonjhar, Pin: 758031, Odisha
Phone No. 06766 – 235223 / 225 / 227 / 229, Fax No. 06766 – 235205
E-mail: osilsite.2009@rediffmail.com

The manufacturing facility is situated here.

Delhi Office:
H-1A, 2nd Floor, Hauz Khas, New Delhi – 110016, Fax: 011-26968924 / 26864548,
E-mail: osildelhi@gmail.com

This office carries out liaison work.

Corporate Office:
CIC Building, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata – 700071
Phone: 033– 2288-3910 to 3916 Fax : 033– 22272511
E-mail: corporate @orissasponge.com

This office is center of Corporate activities having the offices of Chairman and Managing Director; a Whole time Director & CFO and Company Secretary.

17. Additional Information:

i) Code of Conduct:

Company has always encouraged and supported compliance to ethical business practices in personal and corporate behavior by its employees. Company in order to further strengthen corporate practices has framed a specific code of conduct for the members of the Board of Directors and Senior Management personal of the Company, who have affirmed compliance thereof. A declaration to this effect signed by Chairman & Managing Director of the Company is annexed to this report. The Code of Conduct is displayed on the website of the Company ,viz, www.orissasponge.com.

ii) Risk Management:

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures, which are periodically reviewed.

iii) Reconciliation of Share Capital Audit:

Reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital is carried out by a practicing Company Secretary and his report is placed to the Board periodically. The audit confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held in electronic mode with NSDL and CDSL.

iv) Management Discussion and Analysis:

Management Discussions and Analysis forms part of the Annual Report which is posted to the shareholders of the Company.

v) Certificate on Corporate Governance:

Compliance of Corporate Governance by the Company as stipulated under SEBI (LODR) Regulations, 2015 is examined and reviewed by M/s. A. K. Labh & Co., Company Secretaries, 40, Weston Street, 3rd Floor, Kolkata-700013 and his report is annexed.

vi) CEO/CFO Certificate:

A Certificate duly signed by the Managing Director and CFO relating to financial statements and Internal Control Systems for financial reporting, accounting policy etc. for the year ended 31.03.2018 as stipulated under SEBI (LODR) Regulations, 2015 was placed before the Board and the same was taken on record.

vii) Compliance by Company Secretary:

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the Meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013 read with the Rules and Regulations issued there under and to the extent feasible and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

viii) Cautionary Statement:

Details given relating to various activities and future plans may be "forward looking Statement" within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied.

ix) Certificate:

All material requirements with respect to Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 have been complied with.

x) Contact Person for any query on Annual Report/ Investor Communication:

Mr. Ankur Gupta ,Company Secretary, Orissa Sponge Iron & Steel Limited, CIC Building, 11thfloor, 33A Jawahar Lal Nehru Road, Kolkata-700071, Phone :03322883910-16, Fax:033-22267470, E-mail: corporate@orissasponge.com

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Certificate on Compliance with terms and conditions of Corporate Governance as stipulated under Regulation 15(2) of SEBI (LODR) Regulations, 2015

To
the Members of Orissa Sponge Iron & Steel Limited

We have examined the compliance of conditions of Corporate Governance by ***Orissa Sponge Iron & Steel Limited*** ("the Company") in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the year ended 31.03.2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit for an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A. K. LABH & Co.**
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No - 3238

Place: Kolkata
Dated 18th August, 2018

Certificate of Compliance of the Code of Conduct of the Company

The Members of
Orissa Sponge Iron & Steel Limited

In compliance with the requirements as stipulated under Schedule V (Part D) of SEBI (LODR) Regulation 2015, relating to Corporate Governance, I confirm that, on the basis of confirmations / declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct framed by the Company.

Place: Kolkata
Dated 18th August, 2018

Dr. P.K.Mohanty
Chairman & Managing Director

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

To,
The Members,
ORISSA SPONGE IRON AND STEEL LIMITED
OSIL HOUSE GANGADHAR
MEHER MARG KIITI
BHUBANESWAR- 751024

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ORISSA SPONGE IRON AND STEEL LIMITED,** hereinafter called the (Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **ORISSA SPONGE IRON AND STEEL LIMITED** 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, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **ORISSA SPONGE IRON AND STEEL LIMITED,** ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

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

A) Non- Compliance :

(i) The Company Secretary was not present for two out of four meetings of the Board of Directors during the Financial Year.
(ii) The Preference Shares of the Company were Cancelled and not redeemed by the Company u/s 55 of the Companies Act, 2013 in the previous Financial Year.

B) Litigations:

(ii) Petition filed by S.C.Padhee against Company u/s 439 of the Companies Act, 1956 for Winding up of the Company. The petition is keenly contested in the High Court of Odisha.

(iii) COPET filed by Paradeep Oxygen Pvt. Ltd. u/s 433, 434 & 439 of the Companies Act 1956 but there is no progress in the Case.

(iv) Petition filed by an allottee under Section 241/242 of the Companies Act, 2013 before the NCLT against the cancellation of Redeemable Preference Shares by the Company in the previous year was dismissed by NCLT with liberty to file fresh application subject to certain conditions.

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

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) SEBI Act, 1992.

The company was subjected to investigation under Section 11(1) of the SEBI Act, 1992 being suspected as a Shell Company. On submission of all the information and documents called for during the course of investigation and on personal representation before SAT on 31.10.17, SEBI subsequently passed an Order under Section 11,11(4), 11A & 11B read with Section 19 of SEBI Act, 1992 to the effect that the actions envisaged on the Company vide SEBI letter dated 07.08.17 (for investigation into the affairs of shell companies) is revoked.

(v) Corporate Governance Voluntary Guidelines- 2009 issued by the Ministry of Corporate Affairs, Government of India;

(vi) Minimum Wages Act, 1948;

(vii) Payment of Bonus Act, 1965;

(viii) Payment of Gratuity Act, 1972;

(ix) Employees Provident Fund and Miscellaneous Provisions Act, 1952;

A) Non- Compliance- : Provident Fund dues including pension dues as on 31.03.2018 amounting to Rs. 505 lakhs are unpaid.

B) Litigation- Regional Provident Fund Commissioner, Keonjhar has initiated case against Company demanding Rs. 212.96 lakhs u/s 7Q & 14 B of the Act.

(x) Employees State Insurance Act, 1948;

(xi) Competition Act, 2002;

(xii) Factories Act, 1948;

(xiii) Industrial Dispute Act, 1947;

A) Litigations:

(i) Petition filed by Company at the Orissa High Court against Order of Industrial Tribunal in the matter of claim amount u/s 17 (B) of the Act filed by an Employee is being contested by the Company.

(ii) Writ Petition filed by 11 Officers of the Company in the Orissa High Court u/s 25N and 25F of the Act. Case being Contested.

(xiv) Workmen's Compensation Act, 1923;

(xv) Contract Labour (Regulation and Abolition) Act, 1970;

(xvi) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002:

i. Possession Notice: State Bank of India SAMB Bhubaneshwar, Bank of India Kolkata Mid Corporate Branch and Punjab National Bank Bhubaneshwar have issued Possession notice u/s 13(4) of the Act on the Property of the Company against Default in Repayment of INR 1,32,19,89,000 /- ;

ii. The Indian Renewable Development Agency Limited (IREDA) has issued Notice under Section 13(2) of SARFAESI on 22.09.15 against default of Rs. 1,12,56,90,000/-;

iii. Application has been filed with DRT by SBI on 23.05.15, PNB on 28.12.15 and Edelweiss Asset Reconstruction Company on 18.05.15

(xvii) Insolvency & Bankruptcy Code, 2016:

i. Petition filed by an operational creditor on 14.03.18 before the NCLT under Rule 6 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules 2016 is being contested by the Company

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange, Calcutta Stock Exchange and the non-compliances:

All the Clauses of Listing Agreements have been complied with except those mentioned below:

The Company has during the year paid SOP fine of Rs. 24,62,660 imposed by BSE as penalty on delayed compliances and non compliances relating to previous years.

A) The Company has sought for De-listing from the Calcutta Stock Exchange vide letter dtd 25.03.09 and thus has not been complying with the Listing requirements of CSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that

The Board of Directors of the Company is duly constituted with adequate No. of Independent Directors and Company Secretary & Compliance Officer. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except with the following Statutory Dues Outstanding as on 31st March 2018:

I. Dues of Central Sales Tax, Orissa Sales Tax, ad Entry Tax amounting to INR 30.91 Lakhs and Provident Fund Dues to the extent of INR 212.96 Lakhs.
II. The Central Excise Dept. has claimed Rs. 4.40 Lakhs against which Co. has preferred appeal before CESTAT (Customs, Excise and Service Tax Appellate Tribunal).

Place: Kolkata
Dated 18th August, 2018

Name of Company Secretary in practice: **Disha Dugar**
FCS No. 8128
C P No.: 10895

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORISSA SPONGE IRON & STEEL LIMITED

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying Standalone Ind AS financial statements of Orissa Sponge Iron & Steel Limited ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. 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 and presentation of these financial statements on a going concern basis that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also include 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 and making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143 (11) of the Act.

5. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatements

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the Auditors judgment, including the assessment of the risks of material misstatements of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its loss (comprising of profit/loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

EMPHASIS OF MATTER

9. Without qualifying our opinion we draw attention on the following:

   a. The company has suspended production since July 2012; incurred a net loss of Rs. 12853.63 lakhs lacs during the year ended 31st March, 2018 and the accumulated losses as on that date amount to Rs. 66073.31 lacs; the Company's net worth has become negative; the current liabilities exceeded its current assets by Rs. 68356.17 lacs; the company defaulted in repayment of term loan and cash credit facilities to all the Lenders and SBI, BOI and PNB have taken possession of all the assets at the plant under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI).These conditions indicate the existence of material uncertainty that may cause significant doubt about the company to continue as a going concern.

   b. Referring to Note No 27 of Notes on Accounts to the financial Statements wherein the company has considered deferred tax assets of Rs. 10021.11 lakhs after adjustment of Rs. 2740.34 lakhs for the current year on the assumption that the Company will be able to earn sufficient profit in future years to recoup the carry forward of losses, when. Iron ore will be available from captive mines. We cannot comment on the certainty of the future profits.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the Companies (Auditors Report) Order, 2016, issued by the Central Government of India in terms of Section 143 (11) of the Act "the Order/CARO 2016" and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in Annexure B a Statement on the matters specified in Paragraphs 3 & 4 of the Order.

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

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

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit & Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account

d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 from being appointed as a Director in terms of Section 164(2) of the Act

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

I. The Company has disclosed the impact, if any, of pending litigations as on 31st March, 2018 on its financial position in its Standalone Ind AS financial statements as referred to in Note 34 A of the Notes on Accounts to the Standalone Ind AS Financial Statements

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

III. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

IV. The Company has disclosed in its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 08.11.2016 to 30.12.2016 and such disclosure is in accordance with the books of account maintained by the Company (Refer Note 11 of the Notes on Accounts to the Financial Statements)

For A.K.Bhardwaj & Co
Chartered Accountants
FRN 316085E

(A.K.Bhardwaj)
Partner
Membership No. 052723

Place: Kolkata
Date : 26th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 11(f) of even date to the members of
Orissa Sponge Iron & Steel Limited on the Standalone Ind AS financial statements for the year ended 31st March, 2018)

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

We have audited the internal financial controls over financial reporting of **ORISSA SPONGE IRON & STEEL LIMITED** ("the Company") as of 31 March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A.K.Bhardwaj & Co
Chartered Accountants
FRN 316085E

(A.K.Bhardwaj)
Partner
Membership No. 052723

Place: Kolkata
Date : 26th May, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Orissa Sponge Iron & Steel Limited on the Standalone Ind AS financial statements as of and for the year ended 31st March, 2018)

1. In respect of fixed assets (Property, plant and equipment):
   (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets
   (b) The Fixed Assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of such verification is reasonable
   (c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that the title deed comprising all the immovable properties of land and building which are freehold, are held on the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the Standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement
2. In respect of Inventories
   a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable.
   b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
   c) On the basis of our examination of the records of inventory we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noted on physical verification between the physical stocks and the book records were not material.
3. The company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the provisions of Clause (3) (iii) (a), (b) and (c) of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of investments made, Guarantee and Security provided by it. The Company has not given any loan but has provided guarantee for loans taken by a related party from banks or financial institutions, terms and conditions whereof are not prejudicial to the interest of the company.
5. According to the information and explanation given to us, the Company has not accepted any deposit from the public and hence reporting under Clause (v) of the CARO 2016 is not applicable
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, 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 records have been maintained. However we have not made a detailed examination of such records.

7. (a) According to the information and explanation given to us except Central Sales Tax, Orissa Sales Tax and Entry Tax Liability totaling Rs. 30.91 lakhs and Provident Fund dues to the extent of Rs. 505.48 lakhs no undisputed dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs duty, Excise duty, value added tax, cess and other material statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

(b) There are no disputed dues which have remained unpaid as on 31st March, 2018 on account of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, value added tax, cess except as follows:

Nature of Dues	Amount (Rs in Lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax	65.99	2007-08 to 2013-14	Show cause u/s 276 B issued by TDS assessing authority
Central Excise	96.08	2005-06 to 2010-11	Commissioner of Appeals, Central Excise
Central Excise	59.25	2004-05 to 2007-08	Additional Commissioner, Central Excise
Orissa Sales Tax & VAT	817.44	1985-86 to 2006-07	Various Authorities
Central Sales Tax	2495.87	1985-86 to 2006-07	Various Authorities
Provident Fund & Pension Fund	212.96	2007-08 to 2016-17	Regional Provident Fund Commissioner, Keonjhar, Orissa High court & Tribunal

8. The company has defaulted in repayment of dues to the Bankers and Financial Institutions as on 31st March, 2018 as detailed below

Term Loan from Banks	Details	Rs. in Lakhs		Rs. in Lakhs	
Name of Banks		Amount of Default as on31.03.2018	Default has started since	Amount of Default as on31.03.2017	Default has started since
State Bank of India (SBI)	Principal Interest	3635.00 8005.82	January-11 April-11	3635.00 6199.62	January-11 April-11
Punjab National Bank (PNB)	Principal Interest	1672.77 1851.98	October-11 August-11	1672.77 1516.66	October-11 August-11
Bank of India (BOI) - WCTL	Principal Interest	94.45 131.49	April-13 November-12	94.45 101.39	April-13 November-12
Indian Renewable Energy Development Agency Limited (IREDA)	Principal Interest	6011.05 6416.52	June-11 June-11	6011.05 5245.85	June-11 June-11
Edelweiss Asset Reconstruction Company Limited (EARC)	Principal Interest	1323.00 3203.88	March-11 April-11	1323.00 2534.83	March-11 April-11
Cash credit from Banks :					
State Bank of India		6795.23	April 2011	7146.10	April 2011
Bank of India		612.64	March 2013	612.40	March 2013
Cash Credit from Other Parties					
Edelweiss Asset Reconstruction Company Limited		810.86	July 2011	855.91	July 2011

Note: All the Lenders have issued notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recall of their outstanding dues.

9. In our opinion and according to the information and explanation given to us money raised by the Company by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purpose for which it was raised.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officer or employees has been noticed or reported during the year

11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013

12. The Company is not a Nidhi Company and hence reporting under Clause (xii) of the CARO 2016 is not applicable

13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 201, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the Standalone Ind AS financial statements etc. as required under Ind AS 24, Related party disclosures specified under Section 133 of the Act.

14. During the year the Company has not made any preferential allotment or private placement of the shares or fully or party convertible debentures and hence reporting under Clause (xiv) of CARO 2016 is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with its Directors or associate companies as applicable or persons connected with them and hence the provisions of Section 192 of the Companies Act, 2013 and Clause 3 (xv) of the Order are not applicable. The Company has no Subsidiary on the reporting date.

16. The company is not required to be registered under Section 45-IA of the Reserve bank of India Act, 1934.

For A.K.Bhardwaj & Co
Chartered Accountants
FRN 316085E

(A.K.Bhardwaj)
Partner
Membership No. 052723

Place: Kolkata
Date : 26th May, 2018

Balance Sheet as at 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

	Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I	**ASSETS**				
(1)	**Non-current assets**				
	Property, plant and equipment	**3**	28,808.88	29,713.72	30,801.95
	Capital Work-in-Progress	**4**	3,574.11	3,567.79	3,554.50
	Other Intangible Assets	**5**	3,192.90	3,177.64	259.49
	Financial assets				
	(i) Investments	**6A**	144.84	144.84	153.25
	(ii) Loans	**6B**	221.06	210.24	201.63
	(iii) Others	**6C**	82.46	80.21	80.53
	Deferred Tax Assets(Net)	**27C**	10,021.11	12,828.30	14,107.07
	Other non-current assets	**7**	759.65	747.58	729.03
			46,805.01	**50,470.32**	**49,887.45**
(2)	**Current assets**				
	Inventories	**8**	2,648.16	2,710.16	2,710.16
	Financial assets				
	(i) Investments	**6A**	1.48	2.20	2.02
	(ii) Cash and cash equivalents	**10**	28.27	1,022.06	32.09
	(iii) Other bank balances	**11**	158.21	3.00	63.57
	(iv) Others	**6C**	66.00	66.01	121.53
	Current tax assets (Net)	**16A**	39.53	36.50	31.90
	Other current assets	**7**	922.45	915.25	848.54
			3,864.10	**4,755.18**	**3,809.81**
	Total Assets		**50,669.11**	**55,225.50**	**53,697.26**
II	**EQUITY AND LIABILITIES**				
(1)	**Equity**				
	Equity share capital	**12**	2,979.00	2,979.00	2,700.00
	Other Equity	**13**	(25,132.62)	(12,565.07)	(6,702.35)
			(22,153.62)	**(9,586.07)**	**(4,002.35)**
(2)	**LIABILITIES**				
(a)	**Non-current liabilities**				
	Financial liabilities				
	(i) Other financial liabilities	**15**	-	159.75	601.50
	Provisions	**17**	602.46	719.43	71.17
			602.46	**879.18**	**672.67**
(b)	**Current liabilities**				
	Financial liabilities				
	(i) Borrowings	**14A**	8,446.38	8,832.31	10,355.66
	(ii) Trade Payables	**14B**	2,364.61	2,374.88	2,357.46
	(iii) Other financial liabilities	**15**	57,787.74	49,145.21	40,144.93
	Provisions	**17**	114.25	128.00	731.76
	Other current liabilities	**16B**	3,507.29	3,451.99	3,437.13
			72,220.27	**63,932.39**	**57,026.94**
	Total Equity and Liabilities		**50,669.11**	**55,225.50**	**53,697.26**
	Significant Accounting Policies Notes on Financial Statements	**1 to 40**			

The accompanying Schedules form an integral part of the Standalone Balance Sheet
This is the Standalone Balance Sheet referred to our report of even date

For A. K. BHARDWAJ & CO
Chartered Accountants
FRN 316085E

A. K. BHARDWAJ
Partner
Membership No.052723

Place : Kolkata
Dated: 26.05.2018

Ankur Gupta
Company Secretary

M Mohanty
Director & CFO

Dr. P.K.Mohanty
Chairman & Managing Director

Statement of Profit and Loss for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2018	For the Year ended 31 March 2017
I	**REVENUE**			
	Revenue from operations	**18**	-	-
	Other income	**19**	59.60	356.10
	Total Revenue (I)		**59.60**	**356.10**
II	**EXPENSES**			
	Cost of material consumed	**20**	-	-
	Employee benefits expenses	**21**	533.21	624.11
	Finance costs	**22**	8,376.30	7,087.11
	Depreciation and amortization expenses	**23**	903.23	929.65
	Other expenses	**24**	360.15	466.34
	Total expenses (II)		**10,172.89**	**9,107.21**
III	**Profit before exceptional items and tax from continuing operations (I-II)**		**(10,113.29)**	**(8,751.11)**
IV	Exceptional Items		-	-
V	**Profit/(loss) before tax from continuing operations (III-IV)**		**(10,113.29)**	**(8,751.11)**
VI	**Tax expense:**			
	Current Tax		-	-
	Deferred Tax		(2,740.34)	(1,265.94)
VII	**Profit (Loss) for the Year from continuing operations (V-VI)**		**(12,853.63)**	**(10,017.05)**
	Discontinued operations			
	Profit/(loss) before tax for the year from discontinued operations		-	-
	Tax Income/ (expense) of discontinued operations		-	-
VIII	**Profit/ (loss) for the year from discontinued operations**		**-**	**-**
IX	**Profit/ (loss) for the year (VII+VIII)**		**(12,853.63)**	**(10,017.05)**
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Re-measurement gains (losses) on defined benefit plans		193.18	37.07
	Income tax effect	**25**	(66.85)	(12.83)
	Net (loss)/gain on FVTOCI equity securities		-	(8.41)
	Income tax effect		**126.32**	**15.83**
XI	**Total Comprehensive Income for the Year (IX + X) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)**		**(12,727.31)**	**(10,001.22)**
	Earnings per equity share for continuing operations	**26**		
	(1) Basic, computed on the basis of profit from continuing operations		(43.15)	(33.63)
	(2) Diluted, computed on the basis of profit from continuing operations		(43.15)	(33.63)
	Significant Accounting Policies			
	Notes on Financial Statements	**1 to 40**		

The accompanying Schedules form an integral part of the Standalone Statement of Profit & Loss
This is the Standalone Statement of Profit & Loss referred to our report of even date

For A. K. BHARDWAJ & CO
Chartered Accountants
FRN 316085E

A. K. BHARDWAJ
Partner
Membership No.052723

Place : Kolkata
Dated: 26.05.2018

Ankur Gupta
Company Secretary

M Mohanty
Director & CFO

Dr. P.K.Mohanty
Chairman & Managing Director

Orissa Sponge Iron & Steel Limited

Statement of Change in Equity for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

(a) Equity Share Capital

		Rs in Lakhs
Equity shares of Rs. 10 each issued, subscribed and fully paid		
At 1 April 2016	27,000,000	2,700.00
Issue of share capital	2,790,000	279.00
At 31 March 2017	29,790,000	2,979.00
Issue of share capital	-	-
At 31 March 2018	**29,790,000**	**2,979.00**

(b) Other equity

	Reserves and Surplus						Items of Other Comprehensive Income		
	Securities Premium	**Capital Reserve**	**Revaluation Reserve**	**General Reserve**	**Forfeiture of Share Warrant**	**Retained Earning**	**Defined Benefit Obligation**	**FVTOCI reserve**	**Total**
	Note 13	Note 13	Note 13	Note 13		Note 13	Note 13	Note 13	
As at April 01, 2016	**22,629.34**	**0.46**	**11,945.57**	**1,672.23**	-	**(43,261.61)**	**302.61**	**9.04**	**(6,702.35)**
Profit/(Loss) for the period	-	-	-	-	-	(10,017.05)	-	-	**(10,017.05)**
Other Comprehensive Income							24.24	(8.41)	**15.83**
Total Comprehensive Income	-	-	-	-	-	(10,017.05)	24.24	(8.41)	(10,001.22)
								-	-
Addition during the period	4,138.50	-	-	-	-	-	-	-	4,138.50
Withdrawn	-	-	(29.49)	-	-	29.49	-	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-
At March 31, 2017	**26,767.84**	**0.46**	**11,916.08**	**1,672.23**	**-**	**(53,249.17)**	**326.85**	**0.63**	**(12,565.07)**
Profit/(Loss) for the period						(12,853.63)			(12,853.63)
Other Comprehensive Income	-	-	-	-	-	-	126.32	-	126.32
Adjustment	-	-	-	-	159.75	-	-	-	159.75
Withdrawn	-	-	(29.49)	-	-	29.49	-	-	-
Total Comprehensive Income	**-**	**-**	**(29.49)**	**-**	**159.75**	**(12,824.14)**	**126.32**	**-**	**(12,567.56)**
								-	-
At March 31, 2018	**26,767.84**	**0.46**	**11,886.59**	**1,672.23**	**159.75**	**(66,073.31)**	**453.17**	**0.63**	**(25,132.62)**

The accompanying Schedules form an integral part of the Standalone Statement of Changes in Equity
This is the Standalone Statement of Changes in Equity referred to our report of even date

For A. K. BHARDWAJ & CO
Chartered Accountants
FRN 316085E

A. K. BHARDWAJ
Partner
Membership No.052723

Place : Kolkata
Dated: 26.05.2018

Ankur Gupta
Company Secretary

M Mohanty
Director & CFO

Dr. P.K.Mohanty
Chairman & Managing Director

Statement of Cash Flow for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2018	For the Year ended 31 March 2017
A	**Cash Flow from Operating Activities**			
1	**Profit Before Tax**		(10,113.29)	(8,751.11)
2	**Adjustments for :**			
	Depreciation and impairment of property, plant and equipment		903.23	929.65
	Finance income (including fair value change in financial instruments)		(59.60)	(356.10)
	Finance costs (including fair value change in financial instruments)		8,376.30	7,087.11
3	**Operating Profit before Working Capital Changes (1+2)**		(893.36)	(1,090.45)
4	**Change in Working Capital:** (Excluding Cash & Bank Balances)			
	Inventories		62.00	-
	Other Financial Assets		(2.24)	55.83
	Other Assets		(19.27)	(85.26)
	Loans		(10.81)	(8.61)
	Provisions		(130.73)	44.51
	Trade Payables		(10.27)	17.42
	Other Financial Liabilities		9,389.69	8,592.50
	Other Liabilities		55.30	14.86
	Change in Working Capital		9,333.67	8,631.25
5	**Cash Generated From Operations (3+4)**		**8,440.31**	**7,540.80**
6	**Less : Taxes paid**		(3.03)	(4.60)
7	**Net Cash Flow from Operating Activities (5-6)**		**8,437.28**	**7,536.20**
B	**Cash Flow from Investing Activities:**			
	Purchase of Property, plant and equipment		(19.97)	145.29
	Purchase of Intangible Assets		-	(2,918.15)
	Interest received (Finance Income)		59.60	356.10
	Net Cash Generated/(Used) in Investing Activities:		39.63	(2,416.76)
C	**Net Cash Flow From Financing Activities:**			
	Proceeds from Issue of Share Capital		-	4,417.50
	Proceeds from/(Repayments of) Short-Term Borrowings		(385.93)	(1,523.35)
	Interest paid		(8,376.30)	(7,087.11)
	Net Cash Generated/(Used) from Financing Activities:		(8,762.23)	(4,192.96)
D	**Net Change in Cash & cash equivalents (A+B+C)**		(285.32)	926.48
E - 1	Cash & cash equivalents as at end of the Year		186.48	1,025.06
E - 2	Cash & cash equivalents as at the beginning of Year		1,025.06	95.66
	NET CHANGE IN CASH & CASH EQUIVALENTS (E 1-2)		(838.58)	929.40
	Cash & cash equivalents comprises:-			
	Bank Balances - Current account		27.88	1,020.86
	Cheques, Drafts in hand		0.39	1.20
	Cash Balances, Including Imprest		3.00	3.00
	SBI no lien A/C		155.21	-
			186.48	1,025.06
	Reconciliation of cash and cash equivalents			
	Cash & cash equivalents as per statement of cash flows		186.48	1,025.06
	Adjustment: Cash credit/ Bank overdraft		-	-
	Cash & cash equivalents as per Balance sheet		186.48	1,025.06

The accompanying Schedules form an integral part of the Standalone Cash Flow Statement
This is the Standalone Cash Flow Statement referred to our report of even date

For A. K. BHARDWAJ & CO
Chartered Accountants
FRN 316085E

A. K. BHARDWAJ
Partner
Membership No.052723

Place : Kolkata
Dated: 26.05.2018

Ankur Gupta
Company Secretary

M Mohanty
Director & CFO

Dr. P.K.Mohanty
Chairman & Managing Director

Notes to the Financial Statements

1. CORPORATE INFORMATION

ORISSA SPONGE IRON & STEEL LIMITED ('OSISL' or 'the Company') is a public Company and incorporated in India in the year 1979 under the provisions of the Companies Act, 1956 having CIN No . L27102OR1979PLC000819. OSISL established manufacturing facilities to produce Sponge Iron, Steel Billets and Power at its works at Palaspanga, Dist Keonjhar, Odisha. The Company suspended production from July 2012 due to unviable cost economics and continuing losses. In the present scenario viability of the Company is largely dependent on availability of raw material from captive sources. OSISL is listed with premier stock exchanges, namely, BSE. Its registered office is situated at OSIL House, Gangadhar Meher Marg, Bhubaneshwar, Odisha - 751024 and Corporate office at Chatterjee International Centre, 33A, J.L.Nehru Road, Kolkata, 700071.

State Bank of India on behalf of itself, Bank of India and Punjab National Bank have issued Possession Notice dated 24.04.2015 under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) as their demand for recall of the loan issued under Section 13 (2) of the Act earlier could not be paid by the company. As it stands, the aforesaid banks have taken possession of the property described in the notice. In addition, State Bank of India, Punjab National Bank and Edelweiss Asset Reconstruction Company Limited has also filed application under Section 19 (1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Debt Recovery Tribunal (DRT). Indian Renewable Development Agency Limited has been pursuing the cases initiated by them under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of post dated cheques issued to them.

The Company has submitted its proposal for One Time Settlement (OTS) to all the Lenders vide letter dated 07.09.17 which was prima facie accepted by all the Lenders. Based on the decision taken at the JLM held on 05.12.17, State Bank of India and Edelweiss Asset Reconstruction Company Limited proceeded to issue sanction letter dated 18.01.18 and 09.02.18 respectively accepting the Company's final offer. The Company is hopeful of receiving sanctions from the remaining lenders in due course.

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfilment of conditions as specified in the respective documents. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights Act) 2006 vide Letter dated 23rd June, 2016 as well as clearance from the Central Government under Section 2 (iii) of the Forest Conservation Act, 1980. Thereafter Company submitted its compliance of Terms & Conditions of Provisional Grant Order issued by Government of Odisha in 2004 for proceeding to execute the Mining Lease and also deposited a sum of Rs. 28.97 crores to the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Fund of the Ministry of Environment and Forests (MOEF) towards NPV of afforestation cost. The Screening Committee of Steel and Mines Department of Government of Odisha recommended the case for issuance of Final Grant order and signing of mining lease. However as the deadline of 11th January, 2017 for execution of mining lease as mentioned under the Mines and Minerals (Development and Regulation) Act, 1957 as amended and Rules framed there under was fast approaching, the Company took the decision to move Court. The High court of Orissa by an Order dated 09.01.2017 passed an order making it clear that under the circumstances the cut off date of 11.01.2017 will not come in the way of granting relief to the petitioners if it becomes necessary. By the same order, the court granted four weeks time to the Central Government and the State Government to file counter affidavit and the petitioners will have two weeks thereafter to file rejoinder affidavit. The State Government of Odisha and its concerned departments have filed a counter affidavit on 12.05.2017. However no response has been received from the Central Government on the reference made by the Orissa High Court. The Company is presently awaiting response from the Central Government to Orissa High Court and on receipt of the certified copies of the respective submissions for filing the rejoinder.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015.comprising of the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statements and the Statement of Changes in Equity for the year then ended and a summary of Significant Accounting Policies and other Explanatory Statements. The Company has uniformly applied the accounting policies during the periods presented. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2017. Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 36 (First-time Adoption).

2.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost convention on accrual basis, except for certain financial assets and liabilities and defined benefit plans which are measured at fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

All amount disclosed in the financial statements including notes thereon have been rounded off to the nearest rupees in lakh as per the requirement of Schedule III to the Act, unless stated otherwise.

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and commitments at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. The Company has ascertained its operating cycle to be 12 months for the purpose of current, non-current classification of assets and liabilities.

2.5 Property, plant and equipment (PPE) and Depreciation/Amortisation

a) Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation/amortisation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of PPE recognised as at 1st April, 2016 measured as per the previous GAAP.

b) Cost is inclusive of inward freight, non-refundable taxes and duties and directly attributable costs of bringing an asset to the location and condition of its intended use. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits. The Present value of the expected cost for the decommissioning of an asset if the recognition criteria for a provision are met.

c) The cost and related accumulated depreciation are derecognised from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use. Depreciation on items of PPE is provided on a straight line basis to allocate their cost, net of their residual value over the estimated useful life of the respective asset as specified in Schedule II to the Companies Act, 2013 which in the view of the management best represents the period for which the asset is expected to be used. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve

For the estimated useful lives of PPE, the Company follows the useful life as specified in Schedule II to the Companies Act, 2013

Leased assets are depreciated over the shorter of the estimated useful life of the asset or the term of the relevant lease.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Currently the residual life is considered as 5% of the value of PPE.

d) **Capital work-in-progress**

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any

2.6 Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.6.1 Company as a Lessee

a) Finance Lease

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount. The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

b) Operating Lease

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.6.2 Leased Assets as a Lessor

Operating lease

Rental income is recognized on straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

2.7 Intangible assets

a) Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP

b) Intangible assets are recognized when it is probable that future economic benefits that are attributable to asset will flow to the company and the cost of the asset can be measured reliably.

Cost (net of taxes) includes acquisition price, licence fees and costs of implementation/system integration services and any directly attributable expenses, wherever applicable for bringing the assets to its working condition and for their intended use.

Computer Software is amortized on a straight-line basis over their estimated useful lives of 3 years, from the date, the asset is available for use.

The estimated useful lives, residual values and amortization method are reviewed at-least at the end of each financial year and adjusted prospectively, if appropriate.

2.8 Impairment of Non Financial Assets

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, if any, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognized is reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment loss had not been recognized.

2.9 Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares, packing materials and other products are determined on weighted average basis. By-products are valued at net realizable value.

2.10 Revenue recognition

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers. Revenue is measured at the fair value of the consideration received/receivable taking into account contractually defined terms of payment net of rebate and taxes.

The specific recognition criteria for revenue recognition are as follows:

a) Sale of goods and services.

I. Revenue from sale of products is recognized when the products are dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of GST or excise duty, wherever applicable, and net of rebates, trade discounts and sales tax, wherever applicable.

II. Revenue from Contracts with Customers will be adopted from the accounting period commencing from 1st April 2018 when the amendments as per notification of MCA comes into effect.

III. Revenue from services are recognized when services have been rendered in accordance with the contract terms.

IV. Revenue from the sale of power is recognized based on monthly bill raised as per month-end meter reading.

b) Interest income

Interest income is recorded on accrual basis.

c) Dividend Income

Dividend income is recognised when the Company's right to receive the dividend is established.

d) Revenue from Certified Emission Reduction

Revenue from Certified Emission Reductions (CER) is recognized in the financial statements only after certification by accredited agency i.e. United Nation Framework Convention on Climate Change (UNFCCC)

e) All other income are accounted for on accrual basis.

2.11 Research And Development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss. Capital expenditure on tangible assets for research and development is shown as additions to Fixed Assets.

2.12 Relining Expenses

Expenditure on relining of kiln and cooler is charged to the Statement of Profit and Loss in the year in which it is incurred.

2.13 Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss. Monetary assets or liabilities in currency other than the reporting currency and foreign exchange transaction remaining unsettled at the Balance sheet date are valued at the year end exchange rate.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

2.15 Provisions, contingent liabilities and contingent assets

a) Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

b) Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Company or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

c) Contingent assets are neither recognized nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

d) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.16 Employee benefits

a) Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Defined contribution plans

Company's Contributions to Provident fund are charged to the Statement of Profit and Loss in the year when the contributions to the respective funds are due. Shortfall in the funds, if any, is adequately provided by the Company.

c) Defined benefit plans

Gratuity is in the nature of a defined benefit plan. The cost of providing benefits under the defined benefit obligation is calculated on the basis of actuarial valuations carried out at reporting date by independent actuary using the projected unit credit method. The Company has taken a group policy with LICI to cover the gratuity liability to the employee and contribution paid to LICI is charged to the Statement of Profit and Loss. The difference between the actuarial valuation of gratuity of the employees at the year end and the balance of fund with LICI on account of remeasurements is recognised immediately through other comprehensive income in the period in which they occur.

Superannuation Fund for certain class of employees is a defined contribution scheme. Liability and contribution in respect of superannuation fund of the concerned employees is accounted as per company's scheme and paid to LICI every year. The contribution to the Fund is charged in the Statement of Profit and Loss for the year. He Company does not have any other obligation to the fund other than the contribution payable to LICI.

d) Other employee benefits

The employees of the Company are entitled to compensate leave which is recognised as an expense in the statement of profit and loss account as and when they accrue. The liability is calculated based on actuarial valuation using projected unit credit method. These benefits are unfunded.

2.17 Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

i) Financial Assets

(a) Recognition

Financial assets include Investments, Loans, Trade receivables, Advances, Security Deposits, Cash and cash equivalents, etc. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

(b) Classification

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

1) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.

2) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

3) fair value through profit or loss (FVTPL), where the assets does not meet the criteria for categorization as at amortized cost or as FVTOCI. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Loans, Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

(c) Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort.

The Company recognizes loss allowances using the expected credit loss (ECL) model and ECL impairment loss allowance are measured at an amount equal to lifetime ECL.

Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(d) De-recognition

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. If the asset is one that is measured at:

(i) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(ii) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

ii) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Financial liabilities are derecognised when the liabilities extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

iii) Equity instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

iv) Derivatives

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

v) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

vi) Dividend distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

vii) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2.18 Taxes

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income and tax credits for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

2.19 Earnings per Share

a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted-average number of equity shares outstanding during the period.

b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share split and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM).

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

The Company's business activities falls within a single primary business segment viz. "Iron & Steel" in accordance with the Accounting Standard 17 and therefore segmental reporting is presently not applicable to the Company. The accounting policies to be adopted for segment reporting as and when applicable will be in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies will be followed for segment reporting.

a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment transfers.

b) Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Segment results represent profits before finance charges, unallocated corporate expenses and taxes. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and/or on a reasonable basis, have been disclosed as "Unallocable".

2.21 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents, as defined above and net of outstanding book overdrafts as they are considered an integral part of the Company's cash management.

2.22 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.23 Significant Accounting Judgements, use of estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates due to market changes and circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to the following:

i) Revenue recognition

Contract revenue is recognised using the percentage of completion method as construction progresses. The percentage of completion is estimated by reference to the stage of the projects determined based on the proportion of costs incurred to date and the total estimated costs to complete.

ii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii) Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment:

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

(ii) Estimation of Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial year end.
The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.
The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

(iii) Provisions and contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the company including legal, contractual, land access and other claims. By their nature contingencies will be resolved only when one or more uncertain future events occur or fail to occur. Where an outflow of funds is believed to be probable and are liable, estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.

c) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on the quoted prices in active markets, their fair value is measured using valuation techniques. The input to these models is taken from observable markets where possible but where this is not feasible a degree of judgment is required in establishing fair value. Judgement includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumption about these factors could affect the reported fair value of financial instruments.

d) Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount which is higher of its fair value less costs of disposal and is value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

3 Property, plant and equipment

	AT COST				DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	Gross Block as at 1 April 2017	Additions during the Year	Disposals	Gross Block as at 31 March 2018	Total Depreciation as at 1 April 2017	Depreciation during the Year	Disposals	Total Depreciation upto 31 March 2018	AS AT 31 March 2018	AS AT 31st March 2017
i) Owned assets										
Land	2,077.25	-	-	2,077.25	-	-	-	-	2,077.25	2,077.25
Buildings	7,159.50	-	-	7,159.50	3,212.52	200.63	-	3,413.15	3,746.35	3,946.98
Computers	90.53	-	-	90.53	89.55	0.09	-	89.64	0.89	0.98
Plant and Machinery	32,993.48	-	8.41	32,985.07	19,014.90	693.50	6.81	19,701.59	13,283.48	13,978.58
Furniture & Fixtures	32.50	-	-	32.50	28.82	0.75	-	29.57	2.93	3.68
Office Equipment	72.11	-	-	72.11	57.63	2.36	-	59.99	12.12	14.48
Vehicles	234.98	-	-	234.98	216.81	5.91	-	222.72	12.26	18.17
Total - Owned assets (i)	42,660.35	-	8.41	42,651.94	22,620.23	903.24	6.81	23,516.66	19,135.28	20,040.12
ii) Leasehold assets										
Land	9,673.60	-	-	9,673.60	-	-	-	-	9,673.60	9,673.60
Total - Leasehold assets (ii)	9,673.60	-	-	9,673.60	-	-	-	-	9,673.60	9,673.60
Total (i+ii)	**52,333.95**	**-**	**8.41**	**52,325.54**	**22,620.23**	**903.24**	**6.81**	**23,516.66**	**28,808.88**	**29,713.72**

	AT COST				DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	Gross Block as at 1 April 2016	Additions during the Year	Disposals	Gross Block as at 31 March 2017	Total Depreciation as at 1 April 2016	Depreciation during the Year	Disposals	Total Depreciation upto 31 March 2017	AS AT 31 March 2017	AS AT 1 April 2016
i) Owned assets										
Land	2,095.41	-	18.16	2,077.25	-	-	-	-	2,077.25	2,095.41
Buildings	7,313.34	-	153.84	7,159.50	3,031.67	201.03	20.18	3,212.52	3,946.98	4,281.67
Computers	102.81	-	12.28	90.53	101.68	0.15	12.28	89.55	0.98	1.13
Plant and Machinery	32,993.48	-	-	32,993.48	18,300.93	713.97	-	19,014.90	13,978.58	14,692.55
Furniture & Fixtures	38.35	-	5.85	32.50	32.46	1.11	4.75	28.82	3.68	5.89
Office Equipment	90.33	0.36	18.58	72.11	66.83	3.36	12.56	57.63	14.48	23.50
Vehicles	234.98	-	-	234.98	206.78	10.03	-	216.81	18.17	28.20
Total - Owned assets (i)	42,868.70	0.36	208.71	42,660.35	21,740.35	929.65	49.77	22,620.23	20,040.12	21,128.35
ii) Leasehold assets										
Land	9,673.60	-	-	9,673.60	-	-	-	-	9,673.60	9,673.60
Total - Leasehold assets (ii)	9,673.60	-	-	9,673.60	-	-	-	-	9,673.60	9,673.60
Total (i+ii)	**52,542.30**	**0.36**	**208.71**	**52,333.95**	**21,740.35**	**929.65**	**49.77**	**22,620.23**	**29,713.72**	**30,801.95**

Notes:

1. Cost at the beginning of the year includes increase in valuation of Rs.1042 lakhs and Rs.5091.97 lakhs on Building and Plant & Machinery.respectively on revaluation of assets as at 31.03.1993.
2. Depreciation include Rs. 849.84 lakhs(previous year Rs.871.96 lakhs) on Building and Rs.5057.76 lakhs(previous year Rs.5057.76 lakhs) on Plant and Machinery on increased value of assets due to revaluation.
3. Cost of Land at the beginning of the year includes increase in valuation of Rs.11,711.80 lakhs on Revaluation of Land as at 31st March, 2014.

4 Capital work in progress

Total amount of CWIP is Rs. 3574.11 Lakhs (31 March 2017: Rs. 3,567.79 Lakhs, 1 April 2016: Rs. 3,554.50 Lakhs).

Notes:

Capital Work in progress includes captive power plant expansion Rs. 3207.26 lakhs for all three reported years.

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

5. Intangible assets

	AT COST				AMORTISATION AND IMPAIRMENT						NET BLOCK	
	Gross Block as at 1 April 2017	**Additions during the Year - internally develop-ed**	**Disposals/ Deductions /Transfers to Held for Sale / Reclassifica tions**	**Gross Block as at 31 March 2018**	**Total Amortisa tion as at 1 April 2017**	**Amortisa tion during the Year**	**Total Amortisati on upto 31 March 2017**	**Total Impairm ent Loss as at 1 April 2017**	**Impairm ent Loss during the Year**	**Total Impairme nt Loss upto 31 March 2018**	**AS AT 31 March 2018**	**AS AT 31st March 2017**
Mining exploration & development expenses	3,177.64	15.26	-	3,192.90	-	-	-	-	-	-	3,192.90	3,177.64
Total	**3,177.64**	**15.26**	**-**	**3,192.90**	**-**	**-**	**-**	**-**	**-**	**-**	**3,192.90**	**3,177.64**

	AT COST				AMORTISATION AND IMPAIRMENT						NET BLOCK	
	Gross Block as at 1 April 2016	**Additions during the Year**	**Disposals/ Deductions /Transfers to Held for Sale /Reclassific ations**	**Gross Block as at 31 March 2017**	**Total Amortisa tion as at 1 April 2016**	**Amortisa tion during the Year**	**Total Amortisati on upto 31 March 2017**	**Total Impairm ent Loss as at 1 April 2016**	**Impairm ent Loss during the Year**	**Total Impairme nt Loss upto 31 March 2017**	**AS AT 31 March 2017**	**AS AT 1 April 2016**
Mining exploration & Development expenses	259.49	2,918.15	-	3,177.64	-	-	-	-		-	3,177.64	259.49
Total	**259.49**	**2,918.15**	**-**	**3,177.64**	**-**	**-**	**-**	**-**	**-**	**-**	**3,177.64**	**259.49**

Notes :
Addition during the previous year includes Rs. 2897 lakhs paid to Compensatory Afforestation Fund Management and Planning Authority Fund of the Ministry of Environment and Forest towards afforestation cost calculated at Net Present Value. The cost will be amortised on commencement of mining operations.

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

6. Financial assets

	Particulars	Non Current			Current		
		31/03/2018	31/03/2017	01/04/2016	31/03/2018	31/03/2017	01/04/2016
A.	**Investments measured at Fair Value Through OCI**						
	Equity Instruments-Unquoted						
	Sponge Iron Employees' Consumer Co-operative						
	500 (31 March 2017:500) (1 April 2016:500) Equity Shares @Rs.200/- each	1.00	1.00	1.00	-	-	-
	OSIL-TRFI Community Services.						
	5,000 (31 March 2017:5,000) (01 April 2016:5,000) Equity Shares @Rs10/- each	0.50	0.50	0.50	-	-	-
	Keonjhar Infrastructure Development Company Ltd, Palaspanga						
	7,200 (31 March 2017:7,200)(01 April 2016:7,200) Equity Shares of Rs. 10/- each	143.34	143.34	151.75	-	-	-
	Rathi Steel & Power Limited.						
	63,524 (31 March 2017:63,524)(01 April 2016:63,524) Equity Shares of Rs. 10/- each	-	-	-	1.48	2.20	2.02
	Total FVTOCI Investments	**144.84**	**144.84**	**153.25**	**1.48**	**2.20**	**2.02**
	Aggregate book value of quoted investments	-	-	-	-	-	-
	Aggregate market value of quoted investments	144.84	144.84	153.25	-	-	-
	Aggregate value of unquoted investments	-	-	-	-	-	-
	Aggregate value of Fair Value adjustment	-	-	-	-	-	-
B.	**Loans at amotised cost**						
	a) Security Deposits						
	Unsecured, considered good	123.73	123.73	124.73	-	-	-
	Unsecured, considered doubtful	-	-	-	-	-	-
		123.73	123.73	124.73	-	-	-
	Less: Provision for doubtful advance	-	-	-	-	-	-
	Total - Security Deposits (a)	123.73	123.73	124.73	-	-	-
	b) Preference Shares	97.33	86.51	76.90	-	-	-
	Total Loans - (a+b)	**221.06**	**210.24**	**201.63**	**-**	**-**	**-**
C.	**Other financial assets**						
	Advances Recoverable in Cash or in Kind						
	Unsecured, considered good	-	-	-	66.00	66.01	-
	Unsecured, considered doubtful	399.68	399.68	399.68	-	-	-
		399.68	**399.68**	**399.68**	**66.00**	**66.01**	**-**
	Less: Provision for doubtful advance	399.68	399.68	399.68	-	-	-
		-	**-**	**-**	**66.00**	**66.01**	-
	Claims Receivable	82.46	80.21	80.53	-	-	121.53
	Total Other financial assets	**82.46**	**80.21**	**80.53**	**66.00**	**66.01**	**121.53**

Advances shown as doubtful includes Rs. 119 lakhs from Mahanadi Coalfields Limited (MCL). Bank Gurantee given for purchase of coal under Fuel Supply Agreement was encashed by MCL against which the Company has preferred an appeal in the appropriate Court. The matter is subjudice.

7. Other assets

	Particulars	Non Current			Current		
		31/03/2018	31/03/2017	01/04/2016	31/03/2018	31/03/2017	01/04/2016
a)	**Capital advance**						
	Unsecured, considered good	247.95	235.88	217.33	-	-	-
	Doubtful	-	-	-	-	-	-
		247.95	235.88	217.33	-	-	-
	Less: Provision	-	-	-	-	-	-
		247.95	235.88	217.33	-	-	-
b)	**Balance with statutory/government authorities**	511.70	511.70	511.70	684.50	684.47	683.01
c)	**Advances Recoverable in Cash or Kind**	-	-	-	236.21	229.41	164.79
d)	**Prepaid expenses**	-	-	-	1.74	1.37	0.74
	Total (a+b+c+d)	**759.65**	**747.58**	**729.03**	**922.45**	**915.25**	**848.54**

8. Inventories

Particulars	31/03/2018	31/03/2017	01/04/2016
Valued at cost or net relisable value			
In Hand			
Finished Goods	1,211.01	1,211.01	1,211.01
Raw Materials	877.24	939.24	939.24
Stores and Spares	559.91	559.91	559.91
Total	**2,648.16**	**2,710.16**	**2,710.16**

In view of substantial reduction in the value of inventories for possible detoriation of grade and quality made 2014- 15 no further reduction in the value is considered during the year. However stock of coal fines of 4000 MT and Coal char 50000 MT amounting to Rs. 62 lakhs has been reduced from the inventory due to loss on account of fire at the plant.

9. Trade receivables

Particulars	31/03/2018	31/03/2017	01/04/2016
Trade receivables	-	-	-
	-	**-**	**-**
Breakup of Trade receivables:			
Unsecured, Considered Good	-	-	-
Doubtful	-	-	-
	-	-	-
Less: Provision for doubtful receivables	-	-	-
Less: Expected Credit Losses	-	-	-
	-	-	-
Total	**-**	**-**	**-**

10. Cash and cash equivalent

	Particulars	31/03/2018	31/03/2017	01/04/2016
a)	Balance with banks			
	- In current accounts	27.88	1,020.86	29.68
b)	Cash in hand	0.39	1.20	2.41
		28.27	**1,022.06**	**32.09**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Particulars	31/03/2018	31/03/2016	01/04/2015
a)	Balance with banks			
	- In current accounts	27.88	1,020.86	29.68
b)	Cash in hand	0.39	1.20	2.41
c)	Deposit with original maturity of more than 3 months but less than 12 months	3.00	3.00	63.57
d)	SBI no lien A/C	155.21	-	-
		186.48	**1,025.06**	**95.66**

11. Other bank balances

Particulars	31/03/2018	31/03/2017	01/04/2016
Deposit with original maturity of more than 3 months but less than 12 months	3.00	3.00	63.57
SBI no lien A/C	155.21	-	-
	158.21	**3.00**	**63.57**

Short-term deposits are made for varying periods between 3 to 12 months, depending on the immediate cash requirements of the Company.

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30th December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.30	0.03	0.33
(+) Withdrawal from Bank accounts	-	-	-
(+) Permitted receipts	-	1.76	1.76
(-) Permitted payments	-	1.36	1.36
(-) Amount deposited in Banks	0.30	-	0.30
Closing cash in hand as on 30.12.2016	-	0.43	0.43

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

12. Share Capital

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
a) Authorised Share Capital			
i) Equity share capital			
6,00,00,000 (March 31, 2017: 6,00,00,000, April 01, 2016 : 6,00,00,000) equity shares of Rs. 10/- each	6,000.00	6,000.00	6,000.00
ii)Preference share capital			
2,00,00,000 (March 31, 2017: 2,00,00,000, April 01, 2016 : 2,00,00,000) equity shares of Rs. 10/- each	2,000.00	2,000.00	2,000.00
Total	**8,000.00**	**8,000.00**	**8,000.00**
b) Issued capital			
Equity share capital 2,97,90,000 (March 31, 2017: 2,97,90,000, April 01, 2016: 2,70,00,000) equity shares of Rs. 10/- each	2,979.00	2,979.00	2,700.00
	2,979.00	**2,979.00**	**2,700.00**
c) Subscribed and paid up capital			
Equity share capital 2,97,90,000 (March 31, 2017: 2,97,90,000, April 01, 2016: 2,70,00,000) equity shares of Rs. 10/- each	2,979.00	2,979.00	2,700.00
	2,979.00	**2,979.00**	**2,700.00**

d) Reconciliation of number of shares outstanding and the amount of share capital

i) Equity share capital

Particulars	31-Mar-18		31-Mar-17		01-Apr-16	
	Number of shares	Amount (In lakhs)	Number of shares	Amount (In lakhs)	Number of shares	Amount (In lakhs)
Shares outstanding at the beginning of the year	29,790,000	2,979.00	27,000,000	2,700.00	27,000,000	2,700.00
Shares issued during the year	-	-	2,790,000	279.00	-	-
Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**29,790,000**	**2,979.00**	**29,790,000**	**2,979.00**	**27,000,000**	**2,700.00**

ii) Preference share capital

Particulars	31-Mar-18		31-Mar-17		01-Apr-16	
	Number of shares	Amount (In lakhs)	Number of shares	Amount (In lakhs)	Number of shares	Amount (In lakhs)
Shares outstanding at the beginning of the year	-	-	20,000,000	2,000.00	20,000,000	2,000.00
Shares issued during the year	-	-	-	-	-	-
Shares cancelled during the year	-	-	20,000,000	2,000.00	-	-
Shares outstanding at the end of the year	**-**	**-**	**-**	**-**	**20,000,000**	**2,000.00**

e) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of equity share having a par value of INR 10/- each per share. Each shareholder is eligible for one vote for every share held and are entitled to dividend declared from time to time.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

f) Details of the Shareholders holding more than 5% share in the Company

Particulars	31-Mar-18		31-Mar-17		01-Apr-16	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of INR 10/- each fully paid up						
1. Monet Ispat & Energy Ltd.	1,994,633	6.70%	9,494,633	31.87%	9,494,633	35.17%
2. TRFI Investment Private Limited	3,682,190	12.36%	3,682,190	12.36%	3,682,190	13.64%
3. Bhusan Energy Limited	-	-	2,790,000	9.37%	3,554,692	13.17%
4. Dr. Prasanta Kumar Mohanty - Torsteel Research Foundation In India	-	-	2,550,589	8.56%	2,550,589	9.45%
5. Industrial Promotion & Investments Corporation of Orissa Limited	-	-	-		1,455,999	5.39%
6. Standard Chartered Bank	5,500,000	18.46%	-	-	-	-
7. Shubham Gupta	3,827,480	12.85%	-	-	-	-
8. Saini Alloys Pvt Ltd	2,790,000	9.37%	-	-	-	-
8. ICICI Bank Limited	2,000,000	6.71%	-	-	-	-

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

13. Other Equity

Particulars	Amount
a) Security premium reserve	
At 01 April 2016	22,629.34
Changes during the period	4,138.50
At 31 March 2017	26,767.84
Changes during the period	-
Closing balance	**26,767.84**
b) Revaluation Reserve	
At 01 April 2016	11,945.57
Changes during the period	(29.49)
At 31 March 2017	11,916.08
Changes during the period	(29.49)
Closing balance	**11,886.59**
c) Capital Reserve	
At 01 April 2016	0.46
At 31 March 2017	0.46
Changes during the period	-
Closing balance	**0.46**
d) General Reserve	
At 01 April 2016	1,672.23
At 31 March 2017	1,672.23
Changes during the period	-
Closing balance	**1,672.23**
e) Retained earnings	
At 01 April 2016	(43,261.61)
Profit/(loss) during the period	(10,017.05)
Adjustment	29.49
At 31 March 2017	(53,249.17)
Profit/(loss) during the period	(12,853.63)
Adjustment	29.49
Closing balance	**(66,073.31)**
f) Forfeiture of Share Warrant	
At 01 April 2016	-
Adjustment	-
At 31 March 2017	-
Adjustment	159.75
At 31 March 2018	**159.75**
g) Other Comprehensive Income	
At 01 April 2016	311.65
Profit/(loss) during the period	15.83
At 31 March 2017	327.48
Profit/(loss) during the period	126.32
Closing balance	**453.80**
Grand Total	**(38,691.92)**
Total as at Ist April, 2016	(6,702.35)
Total as at 31st March, 2017	(12,565.07)
Total as at 31st March, 2018	(25,132.62)

The application money of 10% received on unconverted 7,10,000 warrants amounting to Rs. 159.75 lakhs has been forfeited as the balance 90% amount payable for conversion of the said warrants has not been received.

14. Financial liabilities

A Borrowings

Non-current borrowings

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Term loan (Secured)			
From Bank			
State Bank of India	3,635.00	3,635.00	3,635.00
Punjab National Bank	1,672.77	1,672.77	1,672.77
Bank of India	94.45	94.45	94.45
From Other Parties			
Indian Renewable Energy Development Agency Limited	4,931.69	4,931.69	4,931.69
Funded Interest on Term Loan	1,079.36	1,079.36	1,079.36
Edelweiss Asset Reconstruction Co. Ltd (EARC)	1,323.00	1,323.00	1,323.00
Other Loans and Advances			
Inter Corporate Deposit	2,157.78	2,106.78	232.53
	14,894.05	14,843.05	12,968.80
Less: Current portion of non-current borrowings	14,894.05	14,843.05	12,968.80
Total non-current borrowings	-	-	-

1. State Bank of Bikaner and Jaipur (SBBJ) have assigned the financial exposure taken in the Company by transfer of debts , rights and obligations to Edelweiss Asset Recontruction Company Limited (EARC) vide their letter dated 24.07.2014 .
2. All the lenders of Term Loan have issued loan recall notice to the company under Section 13 (2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 . Consequently term loan repayments due and payable to all the Term Lenders have been shown under current maturity .
3. Term loans from banks and other parties are secured / to be secured by joint equitable mortgage by deposit of title deed of immovable properties and hypothecation of all moveable assets of the company both present and future (save and expect book debts) ranking pari-passu subject to prior charge created in favour of the company's bankers for securing working capital finance on stock of raw material, finished goods etc. and also by second charge on current assets. Further, the above term loans have been guaranteed by the personal guarantee of the Vice Chairman & Managing Director of the Company.
4. Interest on Term Loans from secured lenders and loan from others interest @ 15.25% to 17.20% and 10% to 12.89% respectively.

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

Details of default in repayment of Term Loans and Interst

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	Amount of Default	Default has started since	Amount of Default	Default has started since	Amount of Default	Default has started since
Term Loan from Banks :						
State Bank of India-Principal	3635.00	January-11	3,635.00	January-11	3,635.00	January-11
State Bank of India-Interest	8005.82	April-11	6,199.62	April-11	4,673.67	April-11
Punjab National Bank-Principal	1672.77	October-11	1,672.77	October-11	1,672.77	October-11
Punjab National Bank-Interest	1851.98	August-11	1,516.66	August-11	1,270.22	August-11
Bank of India - WCTL-Principal	94.45	April-13	94.45	April-13	94.45	April-13
Bank of India - WCTL-Interest	131.49	November-12	101.39	November-12	72.10	November-12
Term Loan from Others :						
Indian Renewable Energy Development Agency Limited (IREDA)-Principal	6,011.05	June-11	6,011.05	June-11	6,011.05	June-11
Indian Renewable Energy Development Agency Limited (IREDA)-Interest	6,416.52	June-11	5,245.85	June-11	4,531.43	June-11
Edelweiss Asset Reconstruction Co. Ltd. -Principal	1,323.00	March-11	1,323.00	March-11	1,323.00	March-11
Edelweiss Asset Reconstruction Co. Ltd. -Interest	3,203.88	April-11	2,534.83	April-11	1,966.90	April-11

The default due to lenders towards interest have increased during the year due to interest charged since the date of NPA by the respective lenders .
The Company has given a proposal for a One Time Settlement (OTS) with all the Lenders which has been approved at the Joint Lenders Meeting held on 05.12.2017. Two out of Five Lenders have given the sanction letters. The matter is under active consideration of the remaining Lenders for sanction.

Current borrowings

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Working capital facilities (secured)			
From Bank			
Cash Credit			
- Bank of India	612.64	612.40	612.40
- State Bank of India	6,795.24	7,146.10	6,814.67
- Edelweiss Asset Reconstruction	810.86	855.91	855.91
Loan from Related Parties			
- Related Parties	227.64	217.90	72.68
Prefrence Shares	-	-	2,000.00
Total current borrowings	**8,446.38**	**8,832.31**	**10,355.66**
Aggregate Secured Borrowings	8,218.74	8,614.41	8,282.98
Aggregate UnSecured Borrowings	227.64	217.90	2072.68

Note

1. State Bank of Bikaner and Jaipur (SBBJ) have assigned the financial exposure taken in the Company by transfer of debts , rights and obligations to Edelweiss Asset Recontruction Company Limited (EARC) vide their letter dated 24.07.2014 .
2. All the lenders of working capital to the company viz. SBI , BOI, & EARC have issued loan recall notice to the company under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 during the year .
3. Cash Credit from Banks are sanctioned on a consortium basis by hypothecation of raw materials , finished goods, stores & spares , book debts etc. paripasu secured charge on immovable properties and other fixed assets and also guaranteed by personal guarantee of vice Chairman and Managing Directorof the company . The above cash credit is repayable on demand and carries interest @ 15.25% to 17.00% .

Repayment Terms:

Details of default in repayment of Cash Credit

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	Amount of Default	Default has started since	Amount of Default	Default has started since	Amount of Default	Default has started since
Secured						
State Bank of India	6795.23	April 2011	7,146.10	April 2011	6,814.82	April 2011
Bank of India	612.64	March 2013	612.40	March 2013	552.85	March 2013
Edelweiss Asset Reconstruction	810.86	July 2011	855.91	July 2011	855.91	July 2011

The Company has given a proposal for a One Time Settlement (OTS) with all the Lenders which has been approved at the Joint Lenders Meeting held on 05.12.2017. Two out of Five Lenders have given the sanction letters. The matter is under active consideration of the remaining Lenders for sanction.

B Trade payables

Particulars	Current				
	31-Mar-18		31-Mar-17		01-Apr-16
Sundry Creditors:					
Dues of Micro, Small and Medium Enterprises	-		-		-
Dues to others	2,364.61		2,374.88		2,357.46
	2,364.61		**2,374.88**		**2,357.46**

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

C Dues to Micro, Small and Medium Enterprises

The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

	Particulars	31-Mar-18	31-Mar-17	1-Apr-16
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
	Principal amount due to micro and small enterprises	-	-	-
	Interest due on above	-	-	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
(e)	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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

15 Other Financial Liabilities

Particulars	Non Current			Current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Financial liabilities at amortised cost						
Current maturities of long term debts	-	-	-	12,736.27	12,736.27	12,736.27
Interest accrued and due on Term Loan	-	-	-	19,609.69	15,598.35	12,514.32
Interest accrued and due on cash credit	-	-	-	19,495.70	15,214.00	11,705.09
Money Received against Share Warrants	-	159.75	601.50	-	-	-
Inter Corporate Deposit	-	-	-	2,157.78	2,106.78	232.53
Creditors for Capital Goods/ Expenditure	-	-	-	361.69	348.16	348.16
Security deposits	-	-	-	154.66	164.49	164.60
Liability for Other Expenses	-	-	-	1,411.03	1,305.17	955.40
Liability for Wages and Salaries	-	-	-	1,755.07	1,586.86	1,412.86
Other payables	-	-	-	105.85	85.13	75.70
Total Other Financial Liabilities	**-**	**159.75**	**601.50**	**57,787.74**	**49,145.21**	**40,144.93**

16A Current tax assets and Current liabilities

Particulars	Non-Current			Current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Current tax liabilities						
Provision for taxes	-	-	-	-	-	-
	-	-	-	-	-	-
Current tax assets						
Advance tax	39.53	36.50	31.90	-	-	-
	39.53	36.50	31.90	-	-	-
Net Non-current tax assets/(liabilities)	**39.53**	**36.50**	**31.90**	**-**	**-**	**-**

16B Other liabilities

Particulars	Non Current			Current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Advances against order	**-**	**-**	**-**	**2,931.25**	**2,931.26**	**2,931.26**
Government Dues	**-**	**-**	**-**	**576.04**	**520.73**	**505.87**
Total	**-**	**-**	**-**	**3,507.29**	**3,451.99**	**3,437.13**

17 Provisions

Particulars	Non Current			Current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Provision for employee benefits (Refer Note **28** for Ind AS 19 disclosures)						
- Gratuity	541.72	646.47	-	88.91	100.05	705.15
- Leave Encashment	60.73	72.96	71.17	9.86	12.48	6.80
- Superannuation Fund	-	-	-	-	-	4.34
Provision for Sales Tax & Entry Tax	-	-	-	15.47	15.47	15.47
Total	**602.46**	**719.43**	**71.17**	**114.25**	**128.00**	**731.76**

18 Revenue from operations

Particulars	31-Mar-18	31-Mar-17
Sale of Goods	-	-
Total sale of products	**-**	**-**
Total	**-**	**-**

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

19 Other Income

Particulars	31-Mar-18	31-Mar-17
Change in Long term investments	-	0.18
Profit on sale of Land*	-	318.23
Miscllaneous income	15.18	21.07
Interest Income on:		
-From banks on FDRs	31.39	7.01
-From others	10.81	9.61
-Liability written back since no longer payable	2.22	-
	59.60	356.10

* Profit on sale of freehold land represents the profit earned by the company on sale of 0.867 acres of freehold land during the year

20 Cost of materials consumed

Particulars	31-Mar-18	31-Mar-17
Cost of raw material consumed	-	-
Cost of material consumed	-	-
Details of Raw Material Consumed		
Opening Stock	939.24	939.24
Add : Purchase	-	-
	939.24	939.24
Less : Loss in value for quality due to fire booked under Other Expenses	32.96	-
Less : Recovery of insurance claim	29.04	-
	877.24	939.24
Closing Stock	877.24	939.24
Raw Material Consumed	**-**	**-**

21 Employee benefit expense

Particulars	31-Mar-18	31-Mar-17
Salary, wages, bonus and allowance	553.25	499.50
Contribution to provident fund and other funds	(60.55)	84.07
Staff Welfare expenses	40.51	40.54
	533.21	624.11

22 Finance Costs

Particulars	31-Mar-18	31-Mar-17
Interest Cost	8,376.12	7,086.95
Other Borrowing Costs	0.18	0.16
	8,376.30	7,087.11

23 Depreciation and amortization expense

Particulars	31-Mar-18	31-Mar-17
Depreciation of property, plant and equipment	903.23	929.65
Less: Withdrawn from Revaluation Reserve	-	-
	903.23	929.65

24 Other Expenses

Particulars	31-Mar-18	31-Mar-17
Consumption of stores, spares and consumables	0.35	2.53
Power and fuel	41.24	44.71
Rent	7.16	7.16
Insurance	6.09	1.07
Rates and taxes	10.40	6.04
Repairs and maintenance:		
- Machinery	0.15	0.12
- Others	2.21	3.12
Printing & Stationery	3.25	1.67
Statutory Audit fee	0.75	0.75
Tax Audit Fee	0.30	-
Other Services	1.34	0.60
Upkeep maintenance	7.54	6.89
Travelling and Conveyance	25.61	24.26
Postage ,Telephone & Telex	5.98	6.62
Legal & Professional Expenses	138.31	199.98
Packing & forwarding		0.82
Other Misc Expenses	75.79	160.00
Loss of coal fines & coal char due to fire	32.96	-
Provision for diminution in value of investments	0.72	-
Total	360.15	466.34

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

25 Components of other comprehensive income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the Year ended 31 March 2017

	FVTOCI reserve	Retained earnings	Total
Gain/(loss) on FVTOCI financial assets	-	-	-
Re-measurement gains (losses) on defined benefit plans	-	-	-
	-	-	-

During the Year ended 31 March 2017

	FVTOCI reserve	Retained earnings	Total
Gain/(loss) on FVTOCI financial assets	(8.41)	-	(8.41)
Re-measurement gains (losses) on defined benefit plans	24.24	-	24.24
	15.83	-	15.83

26 Earning per share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-18	31-Mar-17
Profit attributable to equity holders of the Company:		
Continuing operations	(12,853.63)	(10,017.05)
Discontinued operations	-	-
Profit attributable to equity holders for basic earnings	**(12,853.63)**	**(10,017.05)**
Dilution effect	-	-
Profit attributable to equity holders adjusted for dilution effect	**(12,853.63)**	**(10,017.05)**
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	**29,790,000**	**29,790,000**

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Earning Per Share - Continuing operations		
Basic	(43.15)	(33.63)
Diluted	(43.15)	(33.63)

27 Tax Reconciliation

(a) Income tax expense:

The major components of income tax expenses for the year ended Mar 31, 2018 and March 31, 2017 are as follows:

(i) Profit or loss section

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax expense	-	-
Deferred tax expense	(2,740.34)	(1,265.94)
Total income tax expense recognised in statement of Profit & Loss	**(2,740.34)**	**(1,265.94)**

(ii) OCI Section

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net (gain) on remeasurement of defined benefit plans	(66.85)	(12.83)
Unrealised (gain)/loss on FVTOCI equity securities	-	-
Income tax charged to OCI	**(66.85)**	**(12.83)**

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 Mar 2018 and 31 March 2017:

	31-Mar-18	31-Mar-17
Accounting profit before tax from continuing operations	(10,113.29)	(8,751.11)
Accounting profit before tax from discontinuing operations	-	-
Accounting profit before income tax	**(10,113.29)**	**(8,751.11)**
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	-	-
Adjustments in respect of current income tax of previous years	-	-
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	-	-
At the effective income tax rate of 34.608% (31 March 2016: 34.608%)	-	-
Income tax expense reported in the statement of profit and loss	-	-
	-	-

For computing deferred tax liability, the amount of business and depreciation loss as allowable in income tax returns has been considered for recognising deferred tax assets.On the basis of future projections taken on record by the management after considering improved performance of the company in last quarter, the board is confident that there is a virtual certainity that sufficient taxable income will be available in the future against which, the deferred tax assets can be realised in the normal course of business of the company.

	As at 01-Apr-16	Provided during the Year	As at 31-Mar-17	Provided during the Year	As at 31-Mar-18
(c) Deferred tax liability:					
Related to Fixed Assets (Depreciation)	4,295.88	(116.58)	4,179.30	(876.32)	3,302.98
Total deferred tax liability (A)	**4,295.88**	**(116.58)**	**4,179.30**	**(876.32)**	**3,302.98**
Deferred tax asets:					
Carry forward Business Loss / Unabsorbed Depreciation	18,402.95	(1,395.35)	17,007.60	(3,683.51)	13,324.09
Total deferred tax assets (B)	**18,402.95**	**(1,395.35)**	**17,007.60**	**(3,683.51)**	**13,324.09**
Deferred Tax Liability (Net) (A - B)	**(14,107.07)**	**1,278.77**	**(12,828.30)**	**2,807.19**	**(10,021.11)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

28 Employee benefits

Changes in the present value of the defined benefit obligation are, as follows:

Rs in Lakhs

	Gratuity	Leave Encashment
Defined benefit obligation at 1 April 2016	**727.42**	**94.89**
Current service cost	23.07	0.76
Interest expense	58.15	7.21
Benefits paid	(2.97)	(10.35)
Actuarial (gain)/ loss on obligations	(37.20)	(7.06)
Defined benefit obligation at 31 March 2017:	**768.47**	**85.44**
Current service cost	25.82	0.62
Interest expense	52.99	5.89
Benefits paid	(3.00)	(9.95)
Actuarial (gain)/ loss on obligations - OCI	(193.18)	(11.40)
Defined benefit obligation at 31 March 2018	**651.10**	**70.60**

Reconciliation of fair value of plan assets and defined benefit obligation:

	Gratuity	Leave Encashment
Fair value of plan assets at 1 April 2016	22.28	-
Defined benefit obligation at 1 April 2016	727.42	94.89
Amount recognised in the Balance Sheet at 1 April 2016	**(705.15)**	**(94.89)**
Fair value of plan assets at 31 March 2017:	21.95	-
Defined benefit obligation at 31 March 2017:	768.47	85.44
Amount recognised in the Balance Sheet at 31 March 2017:	**(746.52)**	**(85.44)**
Fair value of plan assets at 31 March 2018	20.46	-
Defined benefit obligation at 31 March 2018	651.10	70.60
Amount recognised in the Balance Sheet at 31 March 2018	**(630.64)**	**(70.60)**

Amount recognised in Statement of Profit and Loss:

	Gratuity	Leave Encashment
Current service cost	23.07	0.76
Net interest expense	58.15	7.21
Remeasurement of Net Benefit Liability/ Asset	(37.20)	(7.06)
Amount recognised in Statement of Profit and Loss for year ended 31 March 2017	**44.02**	**0.90**
Current service cost	25.82	0.62
Net interest expense	52.99	5.89
Remeasurement of Net Benefit Liability/ Asset	(193.18)	(11.40)
Amount recognised in Statement of Profit and Loss for year ended 31 March 2018:	**(114.37)**	**(4.89)**

Amount recognised in Other Comprehensive Income:

Rs in Lakhs

	Gratuity	Leave Encashment
Actuarial (gain)/ loss on obligations	(37.20)	-
Return on plan assets (excluding amounts included in net interest expense)	0.14	-
Amount recognised in Other Comprehensive Income for year ended 31 March 2017	(37.07)	-
Actuarial (gain)/ loss on obligations	(193.18)	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Amount recognised in Other Comprehensive Income for year ended 31 March 2016:	**(193.18)**	**-**

The principal assumptions used in determining gratuity and leave encashment obligations for the Company's plans are shown below:

	31st March 2018	31st March 2017
Discount rate (in %)		
Gratuity	7.35%	6.90%
Leave Encashment	7.40%	6.90%
Salary Escalation (in %)		
Gratuity	9.00%	9.00%
Leave Encashment	9.00%	9.00%
Expected average remaining working lives of employees (in years)		
Gratuity	5.75	5.98
Leave Encashment	5.75	5.98

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Gratuity

	31-Mar-18		31-Mar-18	
Assumptions	**Discount rate**		**Salary escalation**	
Sensitivity Level	+ 1.00%	- 1.00%	+ 1.00%	- 1.00%
	Rs. in Lakhs	**Rs. in Lakhs**	**Rs. in Lakhs**	**Rs. in Lakhs**
Impact on defined benefit obligation	623.50	681.00	680.25	623.66

Leave Encashment

	31-Mar-18		31-Mar-18	
Assumptions	**Discount rate**		**Salary escalation**	
Sensitivity Level	+ 1.00%	- 1.00%	+ 1.00%	- 1.00%
	Rs. in Lakhs	**Rs. in Lakhs**	**Rs. in Lakhs**	**Rs. in Lakhs**
Impact on defined benefit obligation	66.91	74.66	74.56	66.93

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

29 Related party disclosures
Names of related parties and description of relationship

Name of the related party

A Relationship

i) Associate Company
Monet Ispat & Energy Limited

ii) Common Director
Torsteel Research Foundation in India
TRFI Investment Pvt Ltd
OSIL-TRFI Community Services
OSIL-TRFI Community Services Trust
Bilati (Orissa) Limited
Torsteel Services Pvt Ltd
Keonjhar Infrastructure Development Co Ltd

iii) Relatives of Key Management Personnel
Dr P.K.Mohanty
Mr Munir Mohanty

Notes to the Financial Statements for the year ended 31st March 2018
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iv) Details of Transaction with Related Parties

(Rs in Lakhs)

Particulars	31/03/2018	31/03/2017
I. Transactions with key managerial personnel:		
Remuneration		
Dr. P. K. Mohanty	-	0.25
Mr.M. Mohanty	-	2.86
II. Transactions with Related Parties		
Torsteel Research Foundation in India		
Advance received / paid	(9.74)	(208.81)
Receivable / (Payable)	(227.64)	(217.90)
Torsteel Services (P) Ltd.		
Advance received / paid	49.00	-
Receivable / (Payable)	-	(49.00)
TRFI Investment Pvt. Ltd.		
Advance received / paid	-	63.60
Reimbursement of legal expenses relating to OSIL share transfer	-	-
Receivable / (Payable)	-	-
Keonjhar Infrastructure Development Co Ltd		
Advance received / paid	(20.39)	(14.66)
Receivable / (Payable)	(42.03)	(21.64)
III.Transtion with Associated Company		
Monet Ispat & Energy Limited		
Advance received / paid	-	(1,976.11)
Advances written off during the year	-	-
Balance Receivable	(2,247.70)	(2,247.70)

Monnet Ispat & Energy Limited ceased to be an Associate Company consequent to reduction of their shareholding in the Company from 35.16 % to 6.70 %.

30 Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans and other long term benefit plan (gratuity benefits and leave encashment)

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benfit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Notes to the Financial Statements for the year ended 31st March 2018

(All amounts in Lakhs Rupees except as otherwise stated)

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations and leave encashment are given in Note 32.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 38 and 39 for further disclosures.

31 Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	31.03.2018		31.03.2017		01.04.2016	
	Carrying Value Rs. in Lakhs	Fair Value Rs. in Lakhs	Carrying Value Rs. in Lakhs	Fair Value Rs. in Lakhs	Carrying Value Rs. in Lakhs	Fair Value Rs. in Lakhs
Financial assets						
Measured at amortized cost						
Loans	221.06	221.06	210.24	210.24	201.63	201.63
Other financial Assets	148.46	148.46	146.22	146.22	202.06	202.06
Trade receivables	-	-	-	-	-	-
Cash and cash equivalents	28.27	28.27	1022.06	1022.06	32.09	32.09
Bank balances other than cash and Cash equivalents	158.21	158.21	3.00	3.00	63.57	63.57
Current Investments	1.48	1.48	-	-	-	-
Total Financial assets at amortised cost (A)	**557.48**	**557.48**	**1381.52**	**1381.52**	**499.35**	**499.35**
Financial Assets Measured at fair value through other Comprehensive Income						
Non Current Investments	144.84	144.84	144.84	144.84	153.25	153.25
Total financial assets at fair value through other comprehensive Oncome (B)	**144.84**	**144.84**	**144.84**	**144.84**	**153.25**	**153.25**
Total financial assets (A+B)	**702.32**	**702.32**	**1526.37**	**1526.37**	**652.59**	**652.59**
Financial liabilities						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	8,446.38	8,446.38	8,832.31	8,832.31	10,355.66	10,355.66
Trade payables	2,364.61	2,364.61	2,374.88	2,374.88	2,357.46	2,357.46
Other financial liabilities	57,787.74	57,787.74	49,145.21	49,145.21	40,144.93	40,144.93
Total	**68,598.73**	**68,598.73**	**60,352.40**	**60,352.40**	**52,858.05**	**52,858.05**

The management assessed that cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

32 Financial risk management objectives and policies

Financial Risk Management Framework

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A. Credit Risk

Credit risk is the risk or potential of loss that may occur due to failure of borrower/counterparty to meet the obligation on agreed terms and conditions of the financial contract. Credit risk arises from financial assets such as cash and cash equivalents, loans, trade receivables, derivative financial instruments and financial guarantees. The company have a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. We monitor our exposure to credit risk on an ongoing basis at various levels. We only deal with financial counterparties that have a sufficiently high credit rating.

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Trade receivables:
The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade receivable credit risk exposure is limited. The management of the company regularly evaluate the individual customer receivables. This evaluation takes into consideration a customer's financial condition and credit history, as well as current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Further the company also mitigate the risk of trade receivables by taking letter of credit and bank guarantees from the banks. The company regularly track the outstanding trade receivables and proper action is taken by the company for collection of overdue trade receivables.

Cash and cash equivalents, derivatives and financial guarantees
All of our cash equivalents and short-term available-for-sale investments are carried at fair value. Cash and cash equivalents are deposited with financial institutions that management believes are of high credit quality and accordingly, minimal credit risk exists. Our short-term investments consist of corporate equity securities (common stock), with unrealized gains and losses recorded in accumulated other comprehensive income. The company mitigates the credit risk of its derivative and financial instruments by dealing with nationalized banks and reputed private banks with high credit rating.

B. Liquidity Risk
Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. Currently the company is facing liquidity crises due to huge interest cost.

The below table is based on the earliest date on which the company required to pay.

Year ended 31 March 2018

Particulars	**< 1 year**	**2-3** years	**> 3 years**	**Total**
Financial Liabilities				
Long term borrowings	-	-	14,894.05	**14,894.05**
Short term borrowings	8,446.38	-		**8,446.38**
Trade payables	2,364.61	-		**2,364.61**
Other financial liabilities	57,787.74	-	-	**57,787.74**
Total financial liabilities	**68,598.73**	**-**	**14,894.05**	**83,492.78**

Year ended 31 March 2017:

Particulars	**< 1 year**	**2-3** years	**> 3 years**	**Total**
Financial Liabilities				
Long term borrowings	-	-	-	-
Short term borrowings	8,832.31			8,832.31
Trade payables	2,374.88			2,374.88
Other financial liabilities	49,145.21		-	49,145.21
Total financial liabilities	**60,352.40**	**-**	**-**	**60,352.40**

Year ended 1 April 2016

Particulars	**< 1 year**	**2-3** years	**> 3 years**	**Total**
Financial Liabilities				
Long term borrowings	-	-	-	-
Short term borrowings	10,355.66			10,355.66
Trade payables	2,357.46			2,357.46
Other financial liabilities	40,144,93		-	40,144.93
Total financial liabilities	**52,858.05**	**-**	**-**	**52,858.05**

C. Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.
The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.
The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016: including the effect of hedge accounting

Interest rate risk
The company is financed by both the fixed and floating interest rate debt in order to obtain more efficient leverage. Fixed rate debt results in fair value interest rate risk. Floating rate debt results in cash flow interest rate risk. The company has open to interest rate risk with changes in LIBOR and lending base rate of the banks. The company has taken both interest rate risk debts for managing its liquidity and day to day requirement of the funds.
The below table depicts the breakup of company's floating rate and fixed rate borrowings.

	31 March 2018	**31 March 2017:**	**1 April 2016**
Fixed rate borrowing	8,446.38	8,832.31	10,355.66
Floating rate borrowing	-	-	-
Total borrowings	**8,446.38**	**8,832.31**	**10,355.66**
Total Net borrowings	-	-	-
Add- Upfront fee	-	-	-
Total Borrowings	**-**	**-**	**-**

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

The sensitivity analysis is determined on the basis of interest rates on floating liabilities. The outstanding liabilities at the year end are considered as a base for the whole year.

If all the other variable factors remain constant, the changes in 100 basis points in the interest rate (up and down), the results are in the below table.

	Increase		Decrease	
	31 March 2018	31 March 2017:	31 Dec 2017	31 March 2017:
Floating rate borrowings	-	-	-	-

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Compny's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

33 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

34 Commitments and Contingencies

A. Contingent Liabilities

		31 March 2018	31 March 2017
(a)	**Claims against the company not acknowledge as debts**		
(i)	Disputed Sales Tax (under appeal) Includes Rs. 1369 lakh is for non submission of decleration forms, out of which Rs.1357.79 lakh has since been collected / submitted and Rs.1962.31 lakh other disallowance items.	3,313.31	3,313.31
(ii)	Disputed Central Excise and Service Tax (under appeal)	155.33	155.33
(iii)	**Income Tax Demand (under appeal)**	22.79	65.99
	Provident & Pension Fund (under appeal)	212.96	212.96
	Other Claims not acknowledged as debt (includes Rs. 2029.69 lacs (gross) pertaining to the amount claimed by a party through a company petition before the Hon'able Odisha High Court on which decision is pending)	2,266.83	2,092.33
(iv)	Penalty imposed by bse for non various non compliances	-	21.62
(v)	**Guarantee given to Keonjhar Central Co-Operative Bank Ltd.** for cash credit facilities obtained by Bilati (Orissa) Ltd.	126.93	126.93
B.	**Commitments**		
	Estimated amount of contracts (Net of advance) , (previous year Rs.111.83 lakh) remaining to be executed on Capital Account and not provided for.	111.83	111.83
		6,209.98	**6,100.30**

35 Exposure to Financial and Commodity Derivatives

1. The Company has not entered into any derivative instruments to hedge their foreign currency contracts.

2. Foreign currency exposure that are not hedged by a derivative instrument as at Balance Sheet are as follows

	March 31, 2018			March 31, 2017			April 1, 2016		
Currency	**Amount in Foreign Curr-ency**	**Amount**	**Conver-sion Rate**	**Amount in Foreign Curr-ency**	**Amount**	**Conver-sion Rate**	**Amount in Foreign Curr-ency**	**Amount**	**Conver-sion Rate**
Unhedged Payables									
Creditors	-	-	-	-	-	-	-	-	-
Loans/ Interest payables	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

36 Reconciliation with previous GAAP

A Reconciliation of equity as previously reported under Previous GAAP (IGAAP) to Ind AS as at April 01, 2016 and 31 March 2017:

	Particulars	As on 01st April 2016	Year ended 31st March 2017
	Total equity (shareholder's fund) as per previous GAAP	(1,868.00)	(9,417.98)
	Adjustments:		
1	Investments carried at Fair Value Through Other Comprehensive income	9.04	9.04
2	Preference Share Capital Classified under Short Term Borrowings	(2,000.00)	-
3	Others	(143.39)	(177.12)
	Equity as per Ind AS	**(4,002.35)**	**(9,586.06)**

B Reconciliation of profit as previously reported under Previous GAAP (IGAAP) to Ind AS for the year ended 31 March 2017:

S.No	Nature of Adjustments	Year ended 31 March 2017:
	Net Profit/Reserves as per Previous Indian GAAP	**(9,937.99)**
1	Financial assets at Amortised cost using Effective Interest Rate (Net)	9.61
2	Actuarial gains and losses	(24.24)
3	Others	(64.43)
	Total	**(79.06)**
	Net Profit before OCI/Reserves as per Ind AS	**(10,017.05)**
1	Actuarial gains and losses	24.24
2	MTM on Investments	(8.41)
	Net Profit after OCI/Reserves as per Ind AS	**(10,001.22)**

Footnotes to the reconcilliation of equity and profit and loss:

1. **Fair valuation of investment**
   Certain equity investments (other than investments in subsidiaries, joint ventures and associates) have been measured at fair value through other comprehensive income (FVTOCI).

2. **Others**
   Other adjustments primarily comprise of:
   a. Upfront Fees
   b. De-capitalisation of indirect expenses from capital work in progress.

3. **Financial assets**
   Certain Financial Instruments are carried at amortised cost using Effective Interest Rate

Defined benefit Plans
Under IND AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP.

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

C : Effect of Ind AS adoption on the standalone balance sheet as at 31 March 2017 and 1 April 2016

		31-Mar-17			01-Apr-16		
Particulars	**Note No**	**Previous GAAP**	**Effect of transition to Ind AS**	**As per Ind AS Balance Sheet**	**Previous GAAP**	**Effect of transition to Ind AS**	**As per Ind AS Balance Sheet**
Non Current assets							
Property, plant and equipment		29,713.72	-	29,713.72	30,801.95	-	30,801.95
Capital work-in-progress		3,567.79	-	3,567.79	3,554.50	-	3,554.50
Intangible Assets under Development		3,177.64	-	3,177.64	259.49	-	259.49
Financial assets			-			-	
(i) Investments	6A	402.23	(257.39)	144.84	402.23	(248.98)	153.25
(ii) Loans	6B	123.73	86.51	210.24	124.73	76.90	201.63
(iii) Others		80.21		80.21	80.53	-	80.53
Deferred tax assets (Net)		12,828.30	-	12,828.30	14,107.07	-	14,107.07
Current tax assets (Net)		36.50	-	36.50	31.90	-	31.90
Other non-current assets		747.58	-	747.58	729.03	-	729.03
Current Assets							
Inventories		2,710.16	-	2,710.16	2,710.16	-	2,710.16
Financial assets			-			-	
(i) Investments		2.20	-	2.20	2.02	-	2.02
(ii) Trade receivables		148.08	(148.08)	-	148.08	(148.08)	-
(iii)Cash and cash equivalents		1,022.06	-	1,022.06	32.09	-	32.09
(iii) Other bank balances		3.00	-	3.00	63.57	-	63.57
(iv) Loans			-			-	
(vi) Others		66.01	-	66.01	121.53	-	121.53
Other current assets		915.25	-	915.25	848.54	-	848.54
Total		**55,544.45**	**(318.95)**	**55,225.50**	**54,017.42**	**(320.16)**	**53,697.26**
EQUITY AND LIABILITIES							
Equity							
Equity share capital	12	2,979.00	-	2,979.00	4,700.00	(2,000.00)	2,700.00
Other Equity	13	(12,396.98)	(168.10)	(12,565.08)	(6,568.00)	(134.36)	(6,702.36)
Non Current Liabilities							
Financial liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Other financial liabilities		159.75	-	159.75	601.50	-	601.50
Provisions		91.97	627.46	719.43	71.17	-	71.17
Current Liabilities							
Financial liabilities							
(i) Borrowings	14A	8,832.31	-	8,832.31	8,355.66	2,000.00	10,355.66
(ii) Trade Payables		2,374.88	-	2,374.88	2,357.46	-	2,357.46
(iii) Other financial liabilities		49,145.21	-	49,145.21	40,144.93	-	40,144.93
Government Grant			-			-	
Provisions		906.32	(778.32)	128.00	917.56	(185.80)	731.76
Other current liabilities		3,451.99	-	3,451.99	3,437.13	-	3,437.13
Total		**55,544.45**	**(318.95)**	**55,225.50**	**54,017.42**	**(320.16)**	**53,697.26**

Footnotes to the reconcilliation of Balance Sheet

1. Fair valuation of investment
Certain equity investments (other than investments in subsidiaries, joint ventures and associates) have been measured at fair value through other comprehensive income (FVTOCI).

2. Financial assets
Certain Financial Instruments are carried at amortised cost using Effective Interest Rate

3. Preference Share Capital
Preference Share Capital has been classified as current

Notes to the Financial Statements for the year ended 31st March 2018
(All amounts in Lakhs Rupees except as otherwise stated)

37 CIF Value of Imports

	March 31, 2018	March 31, 2017
Raw Material	-	-
	-	-

38 Value of Imported/ Indigenous Fuel, Stores and Spare parts Consumed

	March 31, 2018		March 31, 2017	
	% of Total consumption	Rs. Lakhs	% of Total consumption	Rs. Lakhs
Fuel				
Imported	-	-	-	-
Indigenous	-	-	-	-
	-	-	-	-
Stores and Spares				
Imported	-	-	-	-
Indigenous	-	-	-	-
	-	-	-	-

39 Expenditure in Foreign currency on account of

	March 31, 2018	March 31, 2017
- Interest and finance charges	-	-
	-	-

40 Figures for the previous years have been reclassified to conform to current year's classifications.

For A. K. BHARDWAJ & CO
Chartered Accountants
FRN 316085E

A. K. BHARDWAJ
Partner
Membership No.052723

Place : Kolkata
Dated: 26.05.2018

Ankur Gupta
Company Secretary

M Mohanty
Director & CFO

Dr. P.K.Mohanty
Chairman & Managing Director

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government in full measure,

Members who are holding shares in demat mode are requested to registered to register their e-mail id with their Depository Participant immediately, if not registered already.

Members who are holding shares in physical form should send their queries by e-mail to green@orissasponge.com with their name and folio no.

OR

Such members holding shares in physical form can also write to the Company at Orissa Sponge Iron & Steel Limited (Share Department) Chatterjee International Centre, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata 700 071 and inform their e-mail id quoting their name and folio no.

If undelivered. Please return to :

ORISSA SPONGE IRON & STEEL LIMITED
Chatterjee International Centre, 11th Floor
33A, Jawahar Lal Nehru Road
Kolkata – 700 071