



NILACHAL REFRACTORIES LIMITED

30, J.L. Nehru Road, Kolkata - 700016, W.B. Ph. : 033-224 96507, Telefax : 033 - 224 99511

05th October, 2017

To
BSE Limited
Department of Corporate services
Phiroze Jee Jeebhoy Towers
Dalal Street
Mumbai-400001
Scrip Code: 502294

To
CSE Limited
7, Lyons Range, Dalhousie
B B D Bagh, Kolkata
West Bengal-700001
Scrip code- 19024

Sub: compliance of Regulation 34(1) of SEBI (LODR) Regulations, 2015

With reference to above caption subject, the company is hereby complying with the Regulation 34(1) of SEBI (LODR) Regulations, 2015. Please find enclosed herewith the annual report.

You are requested to take note of the same and make necessary changes in records.

Thanking you

Yours Faithfully
For Nilachal Refractories Ltd

(Company Secretary)



40TH ANNUAL REPORT

2016-2017



NILACHAL REFRATORIES LIMITED



NILACHAL REFRACTORIES LIMITED

as on 31-03-2017

BOARD OF DIRECTORS

Mr. Bhagawati Prasad Jalan

Chairman

Mr. Saravanan Asokan

Whole-time Director

Mr. Vijay Kumar Agarwal

Mr. Vimal Prakash

Mr. Niraj Jalan

Mr. Sribash Chandra Mishra

Mr. Ramesh Dhandhanian

Mr. Sundaresan Radhakrishnan

Mr. Tej Bahadur Singh

Mrs. Bindu Jain

AUDITORS

P. Mukhopadhyay & Co.

Chartered Accountants

BANKER

Canara Bank, L.C. Road Branch, Kolkata

REGISTERED OFFICE

**P/598/599, Lewis Road, Mahabir Nagar,
Kedarnath Apartment, Bhubaneswar - 751 002,
Odisha**

FACTORY

**IPITATA Nagar
Dhenkanal - 759 025, Odisha**



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fortieth (40) Annual General Meeting of the Members of **NILACHAL REFRACTORIES LIMITED** will be held at 12.30 P.M. on Thursday, the 21st September 2017 at the Hotel Pushpak, Bhubaneswar to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended 31st March, 2017 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Saravanan Asokan who retires by rotation, and being eligible, offer himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby appoints M/s. T. More & Company, Chartered Accountant (Firm Registration No. 327844E) in place of M/s. P. Mukhopadhyay & Co. who are retiring, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2017-18 on such remuneration as may be determined by the Board of Directors."

By Order of the Board
Nilachal Refractories Limited

Tapas Tirtha
(Company Secretary)

Place: Kolkata
Date : July 17, 2017.



NOTES:

1. EVERY SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIS/HER AND SUCH PROXY NEED NOT BE A SHAREHOLDER. THE PROXY FORM COMPLETED IN EVERY RESPECT SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE TIME OF THE MEETING.

A Person can act as proxy on behalf of members not exceeding fifty and holding aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder

2. REGISTER OF MEMBERS AND SHARE TRANSFER WILL BE CLOSED FROM 13th September, 2017 To 19th September, 2017 (BOTH DAYS INCLUSIVE).
3. Corporate Members are requested to send at Company's Registered Office, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
4. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief profile of the Directors seeking re-appointment at this Annual General Meeting is as follows :-

| | |
|------------------|--|
| Name of Director | Saravanan Asokan |
| Date of Birth | 10 th August 1955 |
| Experience | M.Tech He has more than 35 years of experience in ceramic industry. |

5. Members are requested to notify promptly any change in their address to the Company's Registrar and Share Transfer Agent, M/s. S. K. Infosolutions Pvt. Ltd. The members are also requested to send all correspondence relating to shares, including transfers and transmissions to the Registrar and Share Transfer Agent.
6. Electronic copy of the Annual Report for the year 2016-17 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2016-17 are being sent in the permitted mode.
7. Electronic copy of the Notice of the Annual General Meeting of the Company along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the



Company along with Attendance Slip and Proxy Form are being sent in the permitted mode.

8. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of NSDL to provide the facility of electronic voting ('e-voting') in respect of the Resolutions proposed at this AGM. The Board of Directors of the Company has appointed Mr. Rajan Singh (Membership No. ACS-34691), as the Scrutinizer for this purpose.

The Scrutinizer shall, at least 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.

a. The procedure with respect to e-voting is provided below:-

The procedure to login to e-Voting website is given below:

- i. Open the attached PDF file "**e-Voting.pdf**" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (In case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
- ii. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
- iii. Click on "Shareholder - Login".
- iv. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
- v. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
- vi. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
- vii. Select "EVEN" of Nilachal Refractories Limited. Members can cast their vote online from September 17, 2017 (10:00 am) till September 20, 2017 (05:00 pm).
Note: e-Voting shall not be allowed beyond said time.
- viii. Now you are ready for "e-Voting" as "Cast Vote" page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
- x. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly



authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail (csrajansingh2014@gmail.com) with a copy marked to evoting@nsdl.co.in.

- b. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note: It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Nilachal Refractories Limited".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csrajansingh2014@gmail.com with a copy marked to evoting@nsdl.co.in

c. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM/ EGM/ EOGM:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

General Information

- (i) Every Client ID No. / Folio No. shall have one e-vote, irrespective of the number of joint holders.
- (ii) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the



Member as on cut off date. i.e. 13th September 2017

- (iii) E-voting right cannot be exercised by a proxy.
- (iv) The Results of the e-voting will be declared on or after the date of the AGM i.e. 21.09.2017. The declared Results, along with the Scrutinizer's Report, will be available on the Company's corporate website www.nilachal.in under the section 'Investor Information' and on the website of NSDL; such Results will also be forwarded to the Stock Exchange where the Company's shares are listed.

9. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance and has issued circular nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 which states that service of notice/documents including Annual Report can be sent by e-mail to its members. To support the said green initiative, members holding shares in demat form, who have not registered their e-mail address as of now, are requested to register the same with their respective Depository Participant and members holding shares in physical form are requested to register their valid e-mail address with the S.K. Infosolutions private limited 34/1, A. Sudhir Chatterjee Street, Kolkata 700 006. Telephone No. 033 2219 6797, Fax No. 033 2219 4815, mentioning their name and folio no.

**By order of the Board
For Nilachal Refractories Limited**

**Place: Kolkata
Date : July 17, 2017**

**Tapas Tirtha
(Company Secretary)**



DIRECTORS REPORT

Dear Members

Your Directors are pleased to present the Fortieth (40th) Annual Report together with the Audited accounts of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Rupees in crores)

| Particulars | Year ended 31st March 2017 | Year ended 31st March 2016 |
|--|-------------------------------|-------------------------------|
| Turnover | 3.88 | 0.47 |
| Profit/(Loss) before taxation | (1.87) | (3.34) |
| Less: Tax Expense (Deferred Tax) | (2.49) | 1.41 |
| Profit/(Loss) after tax | 0.62 | (4.75) |
| Add: Balance B/F from the previous year | (22.63) | (17.88) |
| Balance Profit/ (Loss) C/F to the next year | (22.01) | (22.63) |

FINANCIAL REVIEW

The impact of labour problem during FY 2013 - 14 and 2014 - 15 has haunted your company's operation during the year under review. However the management is working hard to regain the confidence of its set of customers. Continues efforts are being made to further increase the momentum.

The Directors are quite hopeful that the operations of your Company will improve henceforth compared to past unforeseen difficult period.

There was no change in the nature of the business of the company during the year.

DIVIDEND:

In view of brought forward losses, your directors are unable to recommend any dividend for the financial year ended 31st March, 2017.

DIRECTORS:

In accordance with the provisions of the Companies Act, 2013, and Article 115 of the Article of Association of the Company, Mr. Saravanan Asokan Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in format MGT -9, for the Financial Year 2016-17 has been enclosed with this report.



DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of section 134(5) of the Companies Act, 2013, your "Directors" hereby confirm

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017, and of the profit/loss of the Company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- f) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

PARTICULARS OF EMPLOYEES

The Whole Time Director of the Company is only in the receipt of remuneration from the Company as approved by Nomination and remuneration committee. Further the same was approved by Shareholders in the Annual General Meeting held on 30-06-2015. Your Company comes under the provisions of the rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, thereby the Wholetime Director of the Company was paid Rs. 70105/- and the Company Secretary was paid Rs. 114675/-

FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES

The Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulates the performance evaluation of the Directors including Chairman, Board and its committees considering the said provisions the Company has devised the process and the criteria for the performance evaluation which has been recommended by the Nomination Committee and approved by the Board.

The Criteria for performance evaluation are as under for CEO, WTD and Non-executive Directors:-

Attendance at meeting; Participation and Contribution; Responsibility towards



stakeholders; Contribution in Strategic Planning; Compliance and Governance; Participation, Updation of Knowledge; Leadership; Relationships and Communications; resources; Conduct of Meetings.

Performance Evaluation of Board:-

Composition and Diversity of Board; Committees of the Board; Board & Committee Meetings; Understanding of the Business of the Company and Regulatory environment; Contribution to effective corporate governance and transparency in Company's Operation; deliberation/decisions on the Company's Strategies; Monitoring and implementation of the strategies and the executive management performance and quality of decision making and Board's Communication with all stakeholders.

Performance Evaluation of the Board Level Committees:-

The Performance and effectiveness of the Committee, Frequency and duration, spread of talent and diversity in the Committee; Understanding of regulatory environment and development; interaction with the board.

Fraud Reporting (Required by Companies Amendment Bill, 2014)

No case of fraud has been reported to the Audit Committee or Board during the year.

Auditors and Auditor's Report

The auditor M/s. P. Mukhopadhyay & Co., Chartered Accountants (Firm Registration No. 302085E) retire at the conclusion of the ensuing Annual General Meeting in terms of section 139 of the Companies Act, 2013. The board appointed M/s. T. More & Company, Chartered Accountant (Firm Registration No. 327844E) subject to the approval of shareholders at the Annual general Meeting. The appointing auditor has given his consent for appointment. The Company has received a certificate under Rule 4(1) of the Companies (Audit & Auditors) Rule, 2014 from the Auditor that his appointment, if made, will be in accordance with the limits as specified in section 141(3) (g) of the Companies Act, 2013.

The Board proposes the appointment of M/S. T. More & Company as statutory auditor of the company based on the recommendation of the Audit Committee to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Secretarial Audit Report

The Company has appointed Mr. Biswanath Khandelwal, Company Secretary in Practice as Secretarial Auditor and his report is annexed herewith.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE ETC

Information pursuant to section 134(3)(m) of the Companies Act, 2013 read with rule 8 of Companies (Accounts) Rules, 2014 in respect of conservation of Energy and Technology



Absorption and Foreign Exchange Earning and Outgo is given in Annexure - I, forming part of this Report.

INDUSTRIAL RELATIONS

The Company has always aimed to maintain cordial relations with its industrial personnel and will continue to do in future.

ISO CERTIFICATION

Your Company is having a status of ISO 9001:2000 Certification. Your company is highly committed to the highest standard of quality.

CORPORATE GOVERNANCE

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. A Report on Corporate Governance & Shareholders Information together with an Auditors' Certificate regarding Compliance of the same are annexed as a part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion & Analysis Report is presented in a separate section, forms a part of the Annual Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Management continuously reviews the Internal Control Systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. Internal Control System are implemented to safeguard the Company's assets from loss or damage, to keep a constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

The Board has appointed a Chartered Accountant firm who are conducting the Internal Audit of the Company. The report thereof is placed before the Audit Committee.

INSURANCE

The assets of the Company are adequately insured against the loss of fire and other risks which are considered necessary by the management.

FIXED DEPOSITS

Your company has not accepted any public deposit during the year under review.

LISTING

The equity shares of your Company continued to be listed on Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange Limited (CSE).



CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility is the continuing commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

As a part of its policy for corporate social responsibility, the Company undertakes a range of activities to improve living conditions of the people in the neighborhood of all its plants. In structuring its efforts to the various aspects of Corporate Social Responsibilities, the Company takes account in guidelines and statements issued by stakeholders and other regulatory bodies. Corporate Social Responsibility and Sustainable development will continue to be the leading priorities at the Company which it shall consistently strive to touch lives and make a difference.

APPRECIATION

Your Directors record their sincere appreciation for the assistance, support and guidance provided by Company's Customers, Suppliers, Government Authorities, Bankers, investors, financial institution and shareholders for their consistent support to the company. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's growth. The Directors look forward for their continuing support in future.

Place: Kolkata

Date: 17/07/2017

For and on behalf of the Board
Bhagwati Prasad Jalan
Chairman

ANNEXURES TO DIRECTORS ' REPORT



Information under section 134 (3)(m) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2017

A. CONSERVATION OF ENERGY:-

(a) Energy conservation measures taken:

The Company is committed to conserve energy and making best use of its resources. A considerable amount of time and effort will be armarked for conserving power across all our plants.

- (i) Idle running of Machines has been controlled
- (ii) Operating efficiency of Shaft Kiln has been improved.
- (iii) Successful simultaneous operation of two Gas producers to fire increased green production and bring down the specific consumption of coal.

(b) Additional investments and proposals, if any, being implemented for the reduction of consumption of energy:

No additional investment is proposed but all efforts are on to conserve energy by improving operation.

Constant reviews of operations and process is being done to identify energy saving areas.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

With the implementation of the above measures, there will be considerable reduction in energy consumption.

(d) Total energy consumption and energy consumption Impact of the measures at (a) and (b) above for reduction of energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed.

B. TECHNOLOGY ABSORPTION :

The details of the efforts made towards absorption of technology are given separately in the Report in Form B

C. FOREIGN EXCHANGE EARNING AND OUTGO:



Foreign Exchange Earning: Rs. NIL
Foreign Exchange Out Go: Rs. NIL

Form-A

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY**

A. Power and fuel consumption:

| Particulars | 2016 -17 | 2015 -16 | 2014 -15 |
|--|----------|----------|----------|
| 1) Electricity | | | |
| (a) Purchased | | | |
| Units(K wh) | 212664 | 198144 | 243528 |
| Total Amount(Rs) | 1899274 | 1838445 | 2037447 |
| Rate per unit (In Rs./Kwh) | 8.93 | 9.28 | 8.36 |
| (b) Own Generation | | | |
| Through Diesel Generator | | | |
| Unit (Kwh) | - | - | - |
| Unit per Ltr. of Diesel oil | - | - | - |
| Cost/Unit (Rs.) | - | - | - |
| Through Steam Turbine Generator | - | - | - |
| 2) Steam Coal Grade 'B' and E used in Gas Producer. | ---- | ---- | ---- |
| Quantity (Tonnes) | ---- | ---- | ---- |
| Total Cost (RS) | ---- | ---- | ---- |
| Average Rate (Rs/MT) | ---- | ---- | ---- |
| 3) Furnace Oil & L.D.Oil | ---- | ---- | ---- |
| Quantity (KL) | ---- | ---- | ---- |
| Total Amount (Rs.) | ---- | ---- | ---- |
| Average Rate | ---- | ---- | ---- |
| 4) LSHS Other Internal Generation | N.A | N.A | N.A |

**B. Consumption per unit of production**

| Particulars | 2016 -17 | 2015 -16 | 2014 -15 |
|---|----------|----------|----------|
| 1) Refractories Produced (MT) | --- | --- | --- |
| 2) Electricity (KWH/Ton) | --- | --- | --- |
| 3) Furnace oil & L.D Oil (Litres/Ton) | --- | --- | --- |
| 4) LSHS (Kg/Ton) | --- | --- | --- |
| 5) Steam Coal (Gross) Grade B & E (KG/Ton) | --- | --- | --- |
| 6) Net Coal after dust (Kg/Ton) | --- | --- | --- |

Form B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****Research and Development (R&D)****1. Specific areas in which R&D was carried out by the Company:**

No R & D was carried out within the meaning of applicable standard.

2. Benefits derived as a results of the above R & D

Not Applicable

3. Future plan of action:

Your Company recognizes the need for cleaner and greener environment by taking various conservation measures, reduction of emission of harmful substances in the environment, reduction in wastages and various other useful measures. It further plans to improve its productivity and quality.

4. Expenditure on R &D

Nil

5. Technology absorption, adaption and innovation N.A.

For and on behalf of the Board

Place: Kolkata
Date: 17/07/2017

Bhagwati Prasad Jalan
Chairman



B.N. Khandelwal
Company Secretary
Saha Court
5th Floor, Room No. 33
8, Ganesh Chandra
Avenue
Kolkata - 700 013
Phone No. : 033-2236-4634

Secretarial Audit Report

For The Financial Year Ended 31st March, 2017

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

To
The Members
Nilachal Refractories Limited
P-598/599, Lewis Road Mahabir Nagar,
Kedarnath Apartment, Bhubaneswar -751002
Odisha

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by Nilachal Refractories Limited (herein after called "**the company**"). The 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 Company's Books, Papers, Minutes 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 financial year ended **31st March 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by Nilachal Refractories Limited ("**the Company**"), for the financial year ended on **31st March, 2017**, according to the provision of:

- 1) **The Companies Act, 2013** (the Act) and the rules made thereunder
- 2) **The Securities Contracts (Regulation) Act, 1956** ('SCRA') and the rules made thereunder;
- 3) **The Depositories Act, 1996** and the Regulations and Bye-laws framed thereunder;
- 4) **The Foreign Exchange Management Act, 1999** & the rules made thereunder



- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company.
- a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulation
 - e) The Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulation 2015.

During the period under review the company has complied with the provisions of Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

I have relied on the representation made by the Company and its officers for system and mechanism formed by the Company for compliances under the other act, laws and regulations applicable to the Company

I further report that the Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Executive Directors, Independent Directors with one Woman Director. No changes in the composition of Board of Directors took place during the financial year under report.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and related 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, if any, 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.

Place : Kolkata
Date 27th July, 2017

B.N. Khandelwal
Company Secretary in Practice
ACS: 1614
CP: 1148



FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

| I. REGISTRATION & OTHER DETAILS: | | |
|----------------------------------|--|---|
| 1 | CIN | 26930OR1377PLC030135 |
| 2 | Registration Date | 30-10-1977 |
| 3 | Name of the Company | Nilechal Refractories Limited |
| 4 | Category/Sub-category of the Company | Public Company |
| 5 | Address of the Registered office & contact details | P598/ 593, Kadamath Apartment, Mahabir Nagar, Lewis Road, Bhubaneswar, Orissa 751002 |
| 6 | Whether listed company | Listed on Bombay Stock Exchange Limited and Calcutta Stock Exchange Limited |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. SK Infocolutions Private Limited Mr. Dilip Bhattacharyya Cell No. 9830670123 34/1A Sudhir Chatterjee Street, Kolkata: 700 004. Telephone No. 033 2219 4747. Fax No. 033 2219 4015. |

| II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | | | |
|---|--|---------------------------------|------------------------------------|
| (All the business activities contributing 10% or more of the total turnover of the company shall be stated) | | | |
| S.No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
| 1 | Manufacture of refractory mortars, concretes etc. | 23911 | - |
| 2 | Manufacture of refractory bricks, blocks, tiles and similar refractory ceramic constructional goods (including traded goods) | 23912 | 52.17 |
| 3 | Manufacture of refractory ceramic products | 23913 | - |
| 4 | Manufacture of other refractory articles n.e.c. | 23919 | 26.34 |
| 5 | Coal Tar | 23929 | 0.0 |
| 6 | Wholesale of waste and scrap and other products n.e.c. | 4669 | 21.10 |

| III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES | | | | | |
|---|---------------------------------|---------|--------------------------------|------------------|--------------------|
| SN | Name and address of the Company | C/NIGLR | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
| NOT APPLICABLE | | | | | |

| IV. SHAREHOLDING PATTERN | | | | | | | | | |
|--|--|----------|-----------|-------------------|--|----------|-----------|-------------------|--------------------------|
| (Equity share capital breakup as percentage of total equity) | | | | | | | | | |
| (i) Category-wise Share Holding | | | | | | | | | |
| Category of Shareholders | No. of Shares held at the beginning of the year (As on 31-March-2016) | | | | No. of Shares held at the end of the year (As on 31-March-2017) | | | | % Change during the year |
| | Demat. | Physical | Total | % of Total Shares | Demat. | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 3,772,657 | | 3,772,657 | 16.53% | 3,772,657 | | 3,772,657 | 16.53% | 0.00% |
| b) Central Gov | | | - | 0.00% | | | - | 0.00% | 0.00% |



| | | | | | | | | | |
|--|--------------------|-----------------|--------------------|---------------|--------------------|-----------------|--------------------|---------------|-------------|
| State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | 1,06,04,959 | - | 1,06,34,959 | 52.08 | 1,06,04,959 | - | 1,06,04,959 | 52.08 | 0.01 |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (1) | 1,43,77,616 | | 1,43,77,616 | 70.61 | 1,43,77,616 | | 1,43,77,616 | 70.61 | 0.01 |
| [?] Foreign | | | | | | | | | |
| a) NFI- individuals | - | - | - | - | - | - | - | - | - |
| b) Other individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any other .. | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 1,43,77,616 | - | 1,43,77,616 | 70.61 | 1,43,77,616 | - | 1,43,77,616 | 70.61 | 0.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | 50000 | 0 | 50000 | 0.25 | 50000 | 0 | 50000 | 0.25 | 0.00 |
| c) Central govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FII's | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (B) (1): | 50000 | 0 | 50000 | 0.25 | 50000 | 0 | 50000 | 0.25 | 0.00 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 1700215 | 2000 | 1702215 | 8.36 | 1700140 | 2900 | 1702040 | 8.36 | 0.00 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 30172 | 384450 | 414622 | 2.04 | 31147 | 583650 | 414797 | 2.04 | 0.00 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakhs | 3816608 | 0 | 3816608 | 18.74 | 3816608 | 0 | 3816608 | 18.74 | 0.00 |
| c) Others (specify) | 389 | 0 | 389 | 0.00 | 389 | 0 | 389 | 0.00 | 0.00 |
| SUB TOTAL (B) (2): | 5547384 | 386450 | 5933834 | 29.14 | 5548264 | 585550 | 5933834 | 29.14 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 5597384 | 386450 | 5983834 | 29.39 | 5598264 | 585550 | 5983834 | 29.39 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 1,99,75,000 | 3,86,450 | 2,03,61,450 | 100.00 | 1,99,75,000 | 3,85,550 | 2,03,61,450 | 100.00 | 0.00 |



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

| Sl. No | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | EYNTHIA TIE UP PRIVATE LIMITED | | | | |
| | a) At the beginning of the year | 1700000 | 8.35 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| 2 | SUSHIL KUMAR AGARWA | | | | |
| | a) At the beginning of the year | 1218000 | 5.98 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 1218000 | 5.98 |
| 3 | VINAY KUMAR AGARWAL | | | | |
| | a) At the beginning of the year | 1218000 | 5.98 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 1218000 | 5.98 |
| 4 | VINAY AGARWAL | | | | |
| | a) At the beginning of the year | 318000 | 1.56 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 318000 | 1.56 |
| 5 | KARAN AGARWAL | | | | |
| | a) At the beginning of the year | 318000 | 1.56 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 318000 | 1.56 |
| 6 | MANJU AGARWAL | | | | |
| | a) At the beginning of the year | 317524 | 1.56 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 317524 | 1.56 |
| 7 | SAKET AGARWAL | | | | |
| | a) At the beginning of the year | 316000 | 1.55 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 316000 | 1.55 |
| 8 | RITU AGARWAL | | | | |
| | a) At the beginning of the year | 111084 | 0.55 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 111084 | 0.55 |
| 9 | LIFE INSURANCE CORPORATION OF INDIA | | | | |
| | a) At the beginning of the year | 50000 | 0.25 | | |
| | b) changes during the year | | (no changes during the year) | | - |
| | c) At the end of the year | | | 50000 | 0.25 |
| 10 | MOOSA HAJI MOHAMED MAJANI | | | | |
| | a) At the beginning of the year | 3250 | 0.02 | | |
| | c) At the end of the year | | (no changes during the year) | 3250 | 0.02 |
| | | 3869858 | 19.01 | 3869858 | 19.01 |



(v) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|-----------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Name: Bharweli Prasad Jain . Director , Dia No. 00551459 | | | | | | |
| | At the beginning of the year | 1/9/2016 | | 550,584 | 2.70% | | 0.00% |
| | Changes during the year | | | | 0.00% | | 0.00% |
| | At the end of the year | 31/9/2017 | | 550,584 | 2.70% | 550,584 | 2.70% |
| 2 | Name : Mr. Nirdi Jalan . Director , Dia No. 80551970 | | | | | | |
| | At the beginning of the year | 1/9/2016 | | 640,000 | 3.14% | | 0.00% |
| | Changes during the year | | | | 0.00% | | 0.00% |
| | At the end of the year | 31/9/2017 | | 640,000 | 3.14% | 640,000 | 3.14% |

(vi) INDEBTEDNESS

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

(Amt. Rs./Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year: | | | | |
| i) Principal Amount | 727.75 | 1,311.24 | | 2,038.99 |
| ii) Interest due but not paid | | - | | |
| iii) Interest accrued but not due | - | | | - |
| Total (i+ii+iii) | 727.75 | 1,311.24 | | 2,038.99 |
| Change in Indebtedness during the financial year: | | | | |
| * Addition | - | 1561.23 | | - |
| * Reduction | 727.75 | 1514.60 | | 741.02 |
| Net Change | (727.75) | (1357.37) | | (741.02) |
| Indebtedness at the end of the financial year: | | | | |
| i) Principal Amount | - | 1,357.37 | | 1,357.37 |
| ii) Interest due but not paid | - | - | | - |
| iii) Interest accrued but not due | - | | | - |
| Total (i+ii+iii) | - | 1,357.37 | | 1,357.37 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SN | Particulars of Remuneration | MR. SARAVANAN ASOKAN - WHOLE TIME DIRECTOR, Dia No. 0010669 | Total Amount in Lacs |
|----|---|--|-------------------------|
| 1 | Gross salary | 377.9 | .38 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify | - | - |
| 5 | Others, please specify | | |
| | HRA | 13809 | .17 |
| | EDUCATION ALLOWANCES | 12 | .01 |
| | GRADE ALLOWANCES | 4771 | .04 |
| | SOFT FURNISHING ALLOWANCES | 1122 | .01 |
| | SPECIAL ALLOWANCES | 6542 | .08 |
| | Total (A) | 73106 | .7 |
| | Ceiling as per the Act | | |


B. Remuneration to other Directors

NOT APPLICABLE. As Company is not paying except to Wholesome director.

| SN | Particulars of Remuneration | Name of Directors | | | Total Amount |
|----|--|-------------------|---|---|--------------|
| | | | | | (Rs/Lac) |
| 1 | Independent Directors | - | - | - | - |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | - | - | - | - |
| 2 | Other Non-Executive Directors | - | - | - | - |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B)-(1+2) | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - |

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

| SN | Particulars of Remuneration | Name of Key Managerial Personnel | | | Total Amount | |
|----|--|----------------------------------|------|-----|--------------|----------|
| | | Name Designation | CEO | CFD | CS | (Rs/Lac) |
| 1 | Gross salary | | 0.70 | - | 1.15 | 1.85 |
| | (a) Salaries per provisions contained in section 17(1) of the income-tax Act, 1961 | | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | - | - | - | - |
| | (c) Profits in tax of salary under section 17(3) Income-tax Act, 1961 | | - | - | - | - |
| 2 | Stock Option | | - | - | - | - |
| 3 | Sweat Equity | | - | - | - | - |
| | Commission | | - | - | - | - |
| 4 | - as % of profit | | - | - | - | - |
| | - others, specify | | - | - | - | - |
| 5 | Others, please specify | | - | - | - | - |
| | Total | | 0.70 | - | 1.15 | 1.85 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: No PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES UNDER COMPANIES ACT 1956 AND / OR 2013

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (C/ NCLT/COURT) | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|---|--|---------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | No PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES UNDER COMPANIES ACT 1956 AND / OR 2013 | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | No PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES UNDER COMPANIES ACT 1956 AND / OR 2013 | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | No PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES UNDER COMPANIES ACT 1956 AND / OR 2013 | | | |
| Compounding | | | | | |



ANNEXURE - A

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments:

Fortune of your Company which is in refractory industry is directly linked to the performance of Steel Industry as it is the largest consumer of refractory products. The other consumers of refractory products are Cement, Copper, Glass, Aluminum and Petro-chemical industries etc. which are witnessing reasonable growth, all these factors will have a very positive impact on the growth of refractory industry in near future.

Nilachal Refractories Ltd. (NRL) is having its manufacturing unit in the State of Odisha near Dhenkanal. The Plant is strategically located and the Company hopes to take advantage of the boom in Steel and Aluminium industry in the region in times to come.

2. Opportunity, threats, risks and concerns:

Consequent upon technology advancement in steel making processes, major opportunity lies in manufacturing of continuous casting refractories, special monolithics viz. Castables, Plastic based ramming mass and gunning materials, etc. The Company is having its vision in line to this technology change.

Demand for refractories has increased substantially due to increased steel and Aluminium production in India. The future of the Company is bright with huge steel and aluminum manufacturing capacities being created in India especially in Odisha and Jharkhand.

Competition in refractory industry is building up. Lot of consolidation and re-organization is taking place in refractory industry. Input costs mainly the increase in cost of raw materials is also a cause of concern for refractory industry. Cost reduction measures will play an important role in keeping the unit viable in the face of stiff competition. Your Company has taken several cost reduction measures for improving operations to bring down the cost of production and is hopeful to successfully meet the challenges of competition.

Further the company is continuously pursuing for some large orders from the consumers in india and overseas and also trying to rope in companies of repute to introduce new product categories for manufacture of its Dhenkanal plant.

The turnover from refractories items is Rs.1.96 Crores during the year under review.

3. Outlook:

Production in steel industry has increased and the demand for refractory products is also increasing. NRL will not be able to survive by basing its products mix on low-end products. For a sustained growth, NRL will have to go for high value products for which your Company has started taking



initiatives.

There are many small and large Steel and Aluminium Plants coming up around Dhenkanal and Odisha State on the whole which will demand high-end products. With this we estimate a large requirement of quality products with high value which should boost our total turnover as well as bottom line. In order to face this challenge, your Company emphasis on Human Resource Management and Human Resource Development, this will ensure a capable and motivated team in place post settlement of all these labour issues. The Company is going to start afresh and shall have a new horizon.

4. Internal control system and their adequacy:

Information, reports, records, documents, transaction statements etc. are generated continuously in the organization and the inputs contained therein serve as a strong foundation for accelerated decision making. Great authenticity is lent to such inputs which represents the foundation for effective decisions. The Company has established proper internal control systems and procedures, which are compatible with size of its operation and business. The firm of Chartered Accountant is conducting internal audit of operations to ensure that the system are adhered to and controls are not flouted. Internal Audit Reports encompasses all aspects of operations, accounts, purchase, stores, production and marketing; all omission and deviation, if any are properly recorded for remedial action. The Audit Committee periodically provides valuable suggestions to improve the business processes, systems and internal controls and briefs the Board of Directors about areas of concern.

Place :Kolkata
Datcd: 17-07-2017

For and on behalf of the Board of Directors

Bhagawati Prasad Jalan
(Chairman)



ANNEXURE -B

CORPORATE GOVERNANCE

Company's philosophy on code of governance

The basic objective of corporate governance policies adopted by the Company is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely to meet with the statutory requirements but to go beyond them by putting into place procedures and systems, in accordance with best practices of governance. Your Company believes that Good Corporate Governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behavior helps to enhance and maintain public trust in companies and stock market.

Your Company reviews its corporate governance practices to ensure that they reflect the latest developments in the corporate arena positioning itself to conform to the best corporate governance practice. Your Company is committed to pursue excellence in all its activities and maximize its shareholders' wealth.

The Company's corporate governance policies and practices focus on the following principles:-

- To recognize the respective roles and responsibilities of the Board and Management.
- To achieve the highest degree of transparency by maintaining a high degree of disclosure levels
- To ensure and maintain high ethical standards in its functioning
- To give the highest importance to investor relations
- To ensure a sound system of risk management and internal controls
- To ensure that employees of the Company subscribe to the corporate values and apply them in their conduct
- To ensure that the decision making process is fair and transparent
- To ensure that the company follows globally recognized Corporate governance practices

1) BOARD OF DIRECTORS :

The Company has Non-Executive Chairman (Promoter). As per SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015, the strength of the Board of Directors as on 17th July, 2017 is ten out of which five are Independent Directors. The composition of the Board of Directors is in conformity with the Corporate Governance code. None of the Director is a member of more than ten committees and Chairman of more than five committees, across all the companies in which he is a Director. None of the independent director is a member of more than seven listed companies and whole time director of the company is not independent director in any listed company. The board functions as a full Board and through committees. The Board of Directors and committee meet at regular intervals. Every directors of the company are over twenty one years of age. The board ensures the desired level of independence in functioning and decision making. More over all the Non - Executive Directors are eminent professionals, and bring the wealth of their professional expertise and experience to the management of the Company.

Composition of Board of Directors and details of their shareholding in the Company and external directorship and membership of the Board Committees

(A) The Composition of the Board of Directors



| Name of the Director | Category | Relationship with Other Director | Date of Joining | No. of Board Meetings | Attendance of meetings during 2016-17 | | No. of Directorships and Committee Memberships/ Chairmanships | | |
|---|---------------------------|----------------------------------|-----------------|-----------------------|---------------------------------------|----------|---|-----------------------|------------------------|
| | | | | | Board Meeting | Last ACM | Other Directorships ¹ | Committee Memberships | Committee Chairmanship |
| Mr. Bhagwati Prasad Jalan Din No. 0055/439 | Chairman | Father of Nitij Jalan | 19th Dec 2005 | € | 5 | | | | |
| Mr. Nitij Jalan Din No. 0055/970 | Director | Son of Bhagwati Prasad Jalan | 06th May 2006 | € | 4 | | 1 | 1 | |
| Mr. Vimal Prakesh Din No. 00174915 | Director | | 06th May 2006 | € | 5 | | | 1 | 1 |
| Mr. Vijay Kumar Agarwal Din No. 0012351 | Director | | 19th Dec 2005 | € | 5 | | 2 | | |
| Mr. Silasa Chandra Mishra Din No. 0083990 | Independent Director | | 31st Jan 2017 | € | 5 | Yes | | 3 | 1 |
| Mr. Ramesh Dhanchania Din No. 00375428 | Independent Director | | 01st Feb 2014 | € | 5 | Yes | | 3 | 2 |
| Mr. S. Asokan Din No. 0009885 | CEO & Whole Time Director | | 25th Nov 2014 | € | 5 | Yes | | 3 | 1 |
| Mr. S Radhakrishnan Din No. 0009888 | Independent Director | | 25th Nov 2014 | € | 5 | | 3 | 1 | |
| Mr. Tej Bal arora Singh Din No. 00047801 | Independent Director | | 25th March 2015 | € | 2 | | | | |
| Mrs. Bindu Jain Din No. 07159504 | Independent Director | | 25th March 2015 | € | 5 | | | | |

excluding Foreign Companies, Private Companies and Section 8 Companies

All the Independent directors of the Company furnishes a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations were/are placed before the Board.

(B) Board Procedures

(a) Number of Board Meetings held, dates on which held

Six board meetings were held during the financial year from 1st April 2016 to 31st March, 2017. The dates on which the meetings were held are as follows: 27-05-2016, 13-08-2016, 22-09-2016, 14-11-2016, 24-11-2016 & 14-02-2017

(b) The information made available to the Board includes the following

1. Annual Operating Plans and budgets and any updates.
2. Capital budgets and any updates
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. Information on recruitment and remuneration of senior officers just below the board level including appointment or removal of CFO and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any
8. Any material default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
9. Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture, acquisition of companies or collaboration agreement.



11. Transaction that involves substantial payment towards goodwill brand equity or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development on Human Resource/ Industrial Relation front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, assets which is not in the normal course of business
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movements, if material.
15. Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividends, delay in share transfer etc.
The Board also periodically reviews compliance reports of all laws applicable to the Company, prepared by the designated employees as well as steps taken to rectify instances of non-compliance.

(A) Code of Conduct for Board Members and Senior Management Personnel

The Board of Directors had adopted a Code of Conduct for the Board Members and Senior Management Personnel. This Code helps the Company to maintain the Standard of Business Ethics and ensure compliance with the legal requirements, specifically under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and Senior Management level.

The declaration regarding Compliance with the code of conduct as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended to this report.

(B) Code of Conduct for prevention of Insider Trading

The Company has adopted a code of conduct for prevention of insider trading in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Company Secretary of the Company is the Compliance Officer. All the Directors and Senior Management Personnel and such other designated employees of the Company who are expected to have the access to unpublished price sensitive information relating to the Company are covered under the said code. The Directors, their relatives, senior management personnel, designated employees etc are restricted from purchasing, selling and dealing in the shares while being in possession of unpublished price sensitive information about the Company during certain prohibited periods.

(E) Code of Conduct

The Company has adopted a code of conduct for the Board of Directors and the senior management of the Company and all of them has affirmed compliances of the same.

(F) Whistle Blower Policy

The Company has formulated a whistle blower policy with a view to provide a mechanism for employees of the Company to approach the Chairman of Audit Committee. The Identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under the law. The functioning of the policy mechanism is reviewed audit committee on half yearly basis and by board on annual basis.



d) Function of Audit Committee

The role of the Audit committee includes the following

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(5) of the Companies Act, 2013.
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same
 - (iii) Compliance with listing and other legal requirements relating to financial statements
 - (iv) Disclosure of any related party transactions
3. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
4. Discussion with internal auditors any significant findings and follow up
5. Reviewing, the findings of any internal investigations by the internal auditors
6. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
7. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
8. The Audit Committee shall mandatorily review the following
 - I Management discussion and analysis of financial condition and result of operation
 - II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
 - iii. Management letters / letters of internal control weakness issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses.

Nomination & Remuneration Committee

As per sec 178 of the Companies Act 2013 and regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has set up a Nomination & Remuneration Committee whose roles are:

- i) Formulation of criteria for determining qualification, positive attributes and independence of a director and recommends to the Board a policy relating to the remuneration of directors, key managerial persons and other employees.
- ii) Formulation of criteria for evaluation of Independent Director and the Board.
- iii) Identifying persons who are qualified to become directors and who may be appointed in the senior management.
- iv) Devising a policy on Board diversity.



The Nomination & Remuneration Committee comprises of

| Sl. No. | Name of the Member | Designation | Number of Meetings attended |
|---------|-----------------------|-------------|-----------------------------|
| 1 | Mr. Ramesh Dhandhania | Chairman | Independent Director |
| 2 | Mr. S C Mishra | Member | Independent Director |
| 3 | Mrs. S.Radhakrishnar | Member | Independent Director |

Company Secretary acts as the secretary to the committee

The Company is in Compliance of the same and the Committee oversees the following

- To oversee the framing, review and implementation of Company's overall compensation structure and related policies on remuneration packages payable to the WTDs/ MD & CEO and other staff including performance linked incentives, perquisites etc. with a view to attracting, motivating and retaining employees and review compensation levels vis-à-vis other companies.
- The committee shall work in close coordination with the Risk Management Committee of the Company's, in order to achieve effective alignment between remuneration

Details pertaining to constitution of the Committee and its terms of reference in brief to be provided

The key points of the Policy formulated by NRC on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as specified u/s 178(3) of the CA, 2013 to be disclosed. *[Applicable only to Listed Companies and selected public companies]*

SEBI(LODR) Regulations, 2015 Compliance:

- The Company shall disclose the criteria for performance evaluation as laid down by NRC, in the Board Report
- Further, Web-link of familiarization programme undertaken for IDs

SHARE TRANSFER COMMITTEE:-

The Share transfer Committee was constituted to deal with matters pertaining to Share Transfer /transmission, issue of duplicate Share Certificates, approving the split and consolidation request and other materials relating to transfer and registration of Shares

The members of the committee are

- Sri Saravanan Asokan, Whole time Directors
 - Sri Mukti Kishore Sahoo, Deputy Manager, Accounts.
- Company Secretary acts as the secretary to the committee

The Committee met on 10-01-2017 during the year.

All the shares are being transferred and returned within 15 days from the date of receipt, so long as the document have been cleared in all respect.



SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Shareholders/Investors Grievance Committee specifically looks into issues such as redressing of shareholders' and investors' complaints such as transfer of shares, ensuring expeditious redressal.

This Committee comprises of the following two Directors.

| | | |
|--|---|----------|
| Sri Ramesh Dhandhana | - | Chairman |
| Sri S.C. Mishra | - | Member |
| Company Secretary acts as the secretary to the committee | | |

The Shareholders/Investors Grievance Committee reviews and redresses all the grievances periodically and meets as and when required. The Company has not received any grievances during the financial year 2016-17. The Company Secretary is designated as the Compliance Officer.

During the period under review one meeting of the Committee was held on 25th of March 2017.

The Company has appointed M/S SK Infosolutions Pvt Ltd, as its Share Transfer Agent for both physical and demat segment of equity shares.

Compliance Officer

Mr. Tapas Tirtha, Company Secretary
Mobile No. :- +91 8100123808
Email: cs@nilachal.in, info@nilachal.in

RISK MANAGEMENT COMMITTEE

The Board of your company has formulated a risk management policy in connection with the risk that the organization faces in its day to day business such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory etc. The Company has also constituted a risk management committee to oversee and implement the policy. The board reviews the policy in regular interval. The Risk Management Committee Comprises of:-

1. Mr. Niraj Jalan, Chairman
2. Mr. Vimal Prakash, Member
3. Mr. Saravanan Asokan, Member

SUBSIDIARY COMPANIES

The company does not have any subsidiary/subsidiaries within the meaning of the Companies act, 2013.

DISCLOSURES

(A) Related Party Transactions

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its directors, promoters or the management that may have potential conflict with



the interest of the Company at large except the details of transactions disclosed in Point no.12 of note 22 on accounts forming part of the Accounts as required under Accounting Standard 18 of the Institute of Chartered Accountants of India, and all related party transactions are negotiated on an arms length basis.

All details relating to financial and commercial transactions, where directors may have potential interest are provided to the Board and the interested Directors neither participated in the discussion nor do they vote in such matters. The Audit Committee of the Company also reviews related party transactions periodically.

(B) Disclosure of Accounting Treatment

The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

(C) Management

The Management's Discussion and Analysis Report is appended to this report.

(D) Directors

Disclosures regarding appointment or re-appointment of Directors

As per the Companies Act, 2013 at least 2/3rd of the Board should consist of retiring Directors, of these at least 1/3rd are required to retire every year.

Directors are liable to retire by rotation as per the provisions of the Companies Act, 2013. Mr. S. Asokan will retire at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

(E) Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

There were no case or incident under the said act.

(F) Communication to shareholders

The unaudited quarterly/ half yearly financial statements are announced within forty five days of the end of the quarter. The aforesaid financial statements are taken on record by the Board of Directors and are communicated to the stock exchange where the shares of the company are listed. Once the stock exchange have been intimated these results are to be published within 48 hours in two leading newspaper – One in English and one in Odia.

The audited annual results are announced within two months from the end of the last quarter as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(G) Investors' Grievances and Share Transfer

As mentioned earlier, the Company has a Board-level Investors Grievance Committee to examine and redress shareholders and investors' complaints. The status on complaints and share transfers is reported to the Committee.

For matters regarding shares transferred in physical form, share certificates, change of address etc shareholders should send in their communications to S K Infosolutions Pvt.Ltd our registrar and share transfer agent. Their address is given in the section on shareholder information.

(H) Details of Non-Compliances

The company is regular in compliant to statutory rules and regulations and no penalties or strictures have imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to



Capital Markets. But due to inaccessibility to its factory and records the Company was not able to comply with Clause 41 and hence pursuant to SEBI circular no. CIR/MRD/DSA/31/15 dated 30th September, 2013 actions have been initiated by Bombay Stock Exchange Limited against the same actions have been taken at Honourable High Court of Kolkata. The Court in its order dated 23rd July 2015, asked the Company to move to Securities Appellate Tribunal. The Security Appellate Tribunal considered our appeal and we are under the process of revocation of suspension of securities on BSE, hopes we will be resumed soon.

(I) General Body Meetings

The location, date and time of Annual General Meetings held during the preceding three years are given below:

| Year | Venue | Day & Date | Time |
|---------|-----------------|-------------------------------|----------|
| 2012-13 | Hotel Sun Green | Friday, 20th September 2013 | 12:30 PM |
| 2013-14 | Hotel Pushpak | Tuesday, 30th June, 2015 | 12:30 PM |
| 2014-15 | Hotel Pushpak | Tuesday 22nd September 2015 | 12:30PM |
| 2015-16 | Hotel Pushpak | Wednesday 28th September 2016 | 12.30 PM |

(J) Postal Ballots

During the year there were no ordinary or special resolutions passed by the members through Postal Ballot.

(K) Proceeds from public Issue/ Preferential Allotment

During the year under review there was no issue brought out by the Company.

(L) Remuneration Policy

The Company is paying only to Professional Director Mr. Saravana Asokan as a part of his yearly emolument as approved by Share Holders, other directors are not paid.

(M) CEO/CFO CERTIFICATION

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate from Sri S. Asokan, Chief Executive Officer, was placed before the Board of Directors at their meeting held on 17th July 2017.

(N) Compliance with Corporate Governance Norms

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(O) Auditors Report on Corporate Governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors' certificate is given as an annexure to the Directors Report

MEANS OF COMMUNICATION:

a) Financial Results :-

The impact of labour problem during F.Y. 2013-14 and 2014-15 has haunted your company's operation during the year under review. However the management is working hard to regain the confidence of its set of customers. Continuous efforts are being made to further increase the momentum.

**b) Other information:**

The Company has email address cs@nilachal.in to interface with the investors.

c) Management's Discussion and Analysis Report:

The Management's Discussion and Analysis report forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:

| | | | |
|----|---|--|---|
| 1 | AGM: Date, Time & Venue | 21 st September, 2017 at 12.30 P.M. 'Hotel Pushpak, Bhubaneswar' | |
| 2 | Financial Calendar For F.Y. 2017-18 (Tentative) | Unaudited Results for first quarter ended on 30 th June 2017 | Within 14 th September 2017 |
| | | Unaudited Results for Second quarter ended on 30 th September 2017 | Within 14 th November 2017 |
| | | Unaudited Results for third quarter ended on 31 st December 2017 | Within 14 th February 2018 |
| | | Unaudited Results for fourth quarter ended on 31 st March 2018 | Within 15 th May 2018 |
| | | Audited result for 31 st March 2018 | By 30 th may 2018 |
| 3 | Date of Book Closure | 13 th September 2017 to 19 th September 2017 (both days inclusive) | |
| 4 | Dividend Payment | No dividend is recommended by the Board of Directors for the year | |
| 5 | Listing on Stock Exchanges | The Company's equity Shares are listed on the following Stock Exchanges- The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 The Calcutta Stock Exchange Association, Limited 7, Lyons Range Kolkata - 700 001 | |
| 6 | Stock code | Calcutta Stock Exchange -19120 Bombay Stock Exchange -502294 | |
| 7 | ISIN No. allotted to equity Shares in Demat form | INE416N01013 | |
| 8 | Depositories Connectivity | With Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) | |
| 9 | Registrar and Transfer Agent: Physical & Demat | S K infosolutions Pvt.Ltd 34/1A Sudhir Chatterjee Street Kolkata - 700 006 | |
| 10 | Registered Office | Plot No- P598/599, Kedarnath Apartment, Mahabir Nagar, Lewis Road, Bhubaneswar-751 002, Odisha | |
| 11 | Plant Location | Nilachal Refractories Limited, Ipatata Nagar, Dhenkanal 759 025 Odisha | |
| 12 | Address for investors' correspondences | Investors/shareholders can correspond with the RTA and directly to the Registered Office of the company or may e-mail to the Company in this mail id: cs@nilachal.in | |

**Distribution of Shareholding as at 31st March 2017**

(i) According to Category of Holding:

| Shareholders | As on 31 st March,2017 | | As on 31 st March,2016 | | As on 31 st March 2015 | |
|--|-----------------------------------|------------|-----------------------------------|------------|-----------------------------------|------------|
| | No. of Shares | % | No. of Shares | % | No of Shares | % |
| Promoters | 14377616 | 70.61 | 14377616 | 70.61 | 14377616 | 70.61 |
| Financial Institutions | 50000 | 0.25 | 50000 | 0.25 | 50000 | 0.25 |
| Private Corporate Bodies (Excluding Promoters) | 1702429 | 8.36 | 1702215 | 8.36 | 1703735 | 8.37 |
| Public | 4231405 | 20.78 | 4231619 | 20.78 | 4230099 | 20.77 |
| Total | 20361450 | 100 | 20361450 | 100 | 20361450 | 100 |

(ii) According to Number of Shares held: 31-03-2017

| Shareholding Range | No. of shareholders | % of Shareholders | No. of shares | % of Shareholding |
|--------------------|---------------------|-------------------|-----------------|-------------------|
| 1-500 | 2936 | 93.23 | 316972 | 1.56 |
| 501-10,00 | 84 | 2.73 | 64604 | 0.32 |
| 1001-2000 | 21 | 0.68 | 30350 | 0.15 |
| 2001-3000 | 1 | 0.03 | 2050 | 0.01 |
| 3001-4000 | 1 | 0.03 | 3250 | 0.02 |
| 4001-5000 | - | - | - | - |
| 5001-10000 | - | - | - | - |
| 10001 and above | 40 | 1.30 | 19944224 | 97.94 |
| Total | 3083 | 100.00 | 20361450 | 100.00 |

Dematerialisation of Shares:

As stated earlier, the Company's shares are listed on the Stock Exchange. As per the SEBI notifications, trading in Company's shares has been made compulsorily in dematerialised form w.e.f. 26th December, 2000 and Company's Registrar & Transfer Agent have established connectivity with NSDL & CDSL. But Subsequent to lock out being declared and company not able to comply with requirements of listing agreement, the Company's Scrip has been suspended for trading on BSE w.e.f. 28th Nov 2014. The Bombay Stock Exchange having reviewed the matter after direction from the Security Appellate Tribunal, cleared the pending listing requirement issue. The matter of revocation of suspension of Company's shares on BSE is under active consideration of the authorities and we can expect the trading of shares to be resumed soon.



CEO/CFO CERTIFICATION TO THE BOARD

To the Board of Directors
Nilachal Refractories Limited

Pursuant to the provisions of Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, I, S. Asokan, Chief Executive Officer hereby certify that

- (a) I have reviewed the Financial Statement, and the Cash Flow Statement for the year 2016-2017 and that to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal control.
- (d) I have indicated to the Auditors and the Audit Committee;
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Sincerely

S.Asokan
(Chief Executive Officer)

Place : Kolkata
Dated : 17.07.2017



**Auditors Certificate on compliance with the conditions of corporate governance
code under (LODR) Regulations, 2015**

To
The members of
Nilachal Refractories Limited

We have examined the compliance of conditions of corporate governance by **Nilachal Refractories LIMITED** for the year ended 31st March, 2017, as stipulated in the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said code. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

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

For P Mukhopadhyay & Co.

Chartered Accountants

Registration No. - 302085E

Subhas Mukhopadhyay

Partner

Membership No. - 050384

Kolkata,

Dt- 17th July, 2017

To
The Board of Directors
Nilachal Refractories Limited
Bhubaneswar: 751014, Odisha

Dear Sir(s)

I do hereby certify that all the members of the Board of the Directors of the Company and the senior management personnel (incl. Key Managerial Personnel) have affirmed their compliance with the code of conduct laid down by the Board of the Directors.

Further all Board Members and Core Management Personnel of the Company are adhering Code of Conduct for Prevention of Insider Trading under the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015 and also in compliance of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, under the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015.

This certificate is given in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

Dated : 17.07.2017

Place : Kolkata

S. Asokan
CEO & Whole time Director



P.Mukhopadhyay & Co.,

Chartered Accountants

12 B, Netaji Subhas Road, Kolkata - 700001, Phone 22309285, 22428856.

Independent Auditor's Report

To the Members of Nilachal Refractories Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Nilachal Refractories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

We conducted our audit 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in



the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- i. The company has made provision for gratuity and leave liability as per the provisions of the relevant act and not as per actuarial valuation which constitutes a departure from the Accounting Standards referred to in Section 133 of the Act. However, in absence of necessary information being made available to us, impact of the same on the loss for the year of the company and corresponding effect on liability cannot be ascertained and quantified.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2017
- b) In the case of Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section (11) of section 143 of the Act and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts)



Rules, 2014, as applicable except for the effects of the matters described in the Basis for Qualified Opinion paragraph.

(e) On the basis of the written representations received from the Directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the Annexure "B".

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

i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer Note 9 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses and

iii. There is no amount which was required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management.

For P Mukhopadhyay & Co.
Chartered Accountants
Firm's registration number: 302085E

Subhas Mukhopadhyay
Partner
Membership number: 650384
30th May 2017



Annexure "A" to the Independent Auditors' Report of Nilachal Refractories Ltd.

The Annexure referred to in Paragraph I under 'Report on other legal and regulatory requirements' section of our report of even date to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

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

(b) The fixed assets have been physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us we report that, the title deed, comprising all the immovable properties of land and building which are freehold, were mortgaged with the lenders and confirmation was obtained from them during the audit of the preceding year and from the documents verified by us, it was held in the erstwhile name of the company as at the preceding Balance Sheet date. In respect of immovable properties of self-constructed buildings on leasehold land which are disclosed as fixed assets in the financial statements, were mortgaged with the lenders and confirmation is obtained from them during the audit of the preceding year and from the documents verified by us, the land lease agreement was in the erstwhile name of Company, where the company is the lessee in the agreement as at the preceding Balance Sheet date.

However at the time of audit during the year under consideration, we are informed that the loans have been repaid in full and the lenders are in the process of releasing the title documents for which the documents could not be physically verified by us.

(ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verifications.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantee and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanation given to us, the Company has not accepted any deposits in terms of directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We are informed that the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products dealt in by the Company.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The company has been regular in depositing undisputed statutory dues, including provident fund, employee state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it to the appropriate authorities. There have



been few instances of delayed deposit.

- (b) There were no undisputed amount payable in respect of provident fund, employee state insurance, wealth tax, customs duty, excise duty, cess and other material statutory dues in arrears as on 31st March 2017 for period of more than six months from the date they became payable. The particulars of dues of Sales Tax and Entry tax as at March 31, 2017 which have not been deposited on account of a dispute are as follows:

| Name of statutes (nature of dues) | Forum where dispute is pending | Period to which the amount relates | Amount involved Rs.In lakhs | Amount unpaid Rs.In lakhs |
|-----------------------------------|---|------------------------------------|-----------------------------|---------------------------|
| Sales Tax | Additional Commissioner of Sales Tax, Central Zone, Orissa, Cuttack (Sales Tax) | 1999-00 to 2001 - 02 | 72.18 | 72.18 |
| Entry Tax | Additional Commissioner of Commercial Taxes, Range -II, Orissa, Cuttack (Entry Tax) | 2001-02 | 3.38 | 3.38 |
| Entry Tax | Joint Commissioner of Commercial Tax, Angul Range, Angul, Orissa, (Entry Tax) | 2002-03 | 0.79 | 0.79 |
| Sales Tax | Joint Commissioner of Commercial Taxes, Angul Range, Angul, Orissa, (sales tax) | 2002-03 | 24.10 | 24.10 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, bank and Government.

(ix) The company has not raised money by way of initial public offer or further public offer of equity shares, convertible securities and debt securities hence reporting under clause (ix) of the CARO 2016 order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and the 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.

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

(xiii) In our opinion and according to the information and the explanations given to us, the company is in compliance with section 188 and 177 of the Companies Act 2013, where applicable, for all transaction with the related parties and the details of related party transaction have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



(xiv) The company has made preferential allotment/private placement of 0% Redeemable preference shares of Rs. 100 each amounting to Rs. 9,00,00,000 (nine crores only) during the year under review and the requirement of Section 42 of Companies Act, 2013 have been duly complied with and the amount raised has been on conversion of unsecured loan outstanding from the related parties on that date.

(xv) In our opinion and according to the information and the explanations given to us, during the year the company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions section 192 of the Companies Act 2013 are not applicable.

(xvi) The company is not required to be registered under section 45-I of the Reserve Bank of India Act 1934.

For P Mukhopadhyay & Co.
Chartered Accountants
Firm's registration number: 302085E

Subhas Mukhopadhyay
Partner
Membership number: 050384
30th May 2017



Annexure B to the Independent Auditor's Report of Even Date on the Financial Statements of Nilachal Refractories Limited
Reports on 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 Nilachal Refractories Limited ("The Company") as of 31st March 2017 in conjunction with our audit of the standalone 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 the internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Control. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Mukhopadhyay and Co.
Chartered Accountants
(Firm's Registration No. 302085E)

Date : 30th May 2017
Place: Kolkata

SubhasMukhopadhyay
Membership No 050384
(Partner)



NILACHAL REFRACTORIES LIMITED

Balance Sheet as at 31st March, 2017

| | Note | As at 31st March, 2017 | | As at 31st March, 2016 | |
|-----------------------------------|-------|------------------------|---------------------|------------------------|---------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| EQUITY & LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| (a) Share Capital | 2 | 48,73,31,600 | | 48,73,31,600 | |
| (b) Reserve and Surplus | 3 | <u>18,99,83,246</u> | 39,73,48,351 | <u>18,99,83,484</u> | 30,76,46,116 |
| Non-Current Liabilities | | | | | |
| (a) Other Long-Term Liabilities | 4 | | 18,06,560 | | 17,32,982 |
| Current Liabilities | | | | | |
| (a) Short-Term Borrowings | 5 | 13,57,96,910 | | 20,98,98,504 | |
| (b) Trade Payables | 6 | 7,15,30,708 | | 8,35,85,809 | |
| (c) Other Current Liabilities | 7 | <u>2,91,73,426</u> | 23,54,58,044 | <u>3,80,82,451</u> | 33,45,67,164 |
| | TOTAL | | <u>63,46,52,958</u> | | <u>64,39,46,262</u> |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 8 | 8,52,52,949 | | 9,90,21,169 | |
| (ii) CWIP | | 51,47,03,511 | | 51,47,03,511 | |
| (b) Deferred Tax Assets (Net) | | 5,74,34,417 | | 3,25,67,768 | |
| (c) Long-Term Loans and Advances | 9 | 99,17,068 | | 99,19,568 | |
| (d) Other Non Current Assets | 10 | <u>3,80,356</u> | 46,76,88,301 | <u>3,51,231</u> | 45,65,63,247 |
| Current Assets | | | | | |
| (a) Inventories | 11 | 11,85,02,354 | | 13,93,85,473 | |
| (b) Trade Receivables | 12 | 4,19,76,098 | | 4,31,41,500 | |
| (c) Cash and Cash Equivalents | 13 | 24,21,391 | | 11,44,939 | |
| (d) Short-Term Loans and Advances | 14 | <u>60,64,814</u> | 16,66,64,857 | <u>67,11,103</u> | 18,73,83,015 |
| | | | <u>63,46,52,958</u> | | <u>64,39,46,262</u> |

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors

For P Mukhopadhyay & Co.
Firm Registration No. 302085E
Chartered Accountants

Vjay Kr. Agarwal
Director
DIN 00121351

(Subhas Mukhopadhyay)
(Partner)
(M. No. 050304)

Place: Kolkata
Date: 30/05/2017

Avik Chakraborty
Company Secretary
M. No. : 45014

Saravanan Asotan
Whole Time Director
DIN 07019583

Niraj Jalen
Director
DIN 00551970



NILACHAL REFRACTORIES LIMITED

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

| CONTINUING OPERATIONS | Note | For the Year 2016-17 | | For the Year 2015-16 | |
|---|------|----------------------|----------------------|----------------------|--------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| I. Revenue from operations | | | | | |
| Sale of Products | 15 | 2,48,56,873 | | 49,85,685 | |
| Less: Excise Duty | | <u>17,70,351</u> | 2,31,26,022 | <u>2,79,961</u> | 47,05,724 |
| II. Other Income | 16 | | 1,56,74,056 | | 29,20,590 |
| III. Total Revenue (I + II) | | | <u>3,83,00,078</u> | | <u>76,26,334</u> |
| IV. Expenses: | | | | | |
| (a) Cost of Material Consumed / Sold | 17 | | 14,69,315 | | 23,18,826 |
| (b) Purchase of Stock | | | 0 | | 0 |
| (c) (Increase) / Decrease in Inventories of Finished Goods and Work-in-Progress | 18 | | 2,13,00,697 | | 14,74,793 |
| (d) Employee Benefits Expense | 19 | | 16,02,777 | | 29,41,240 |
| (e) Finance costs | 20 | | 1,10,60,964 | | 1,74,63,757 |
| (f) Depreciation and amortization expense | 8 | | 72,20,640 | | 0 |
| (g) Other expenses | 21 | | <u>1,42,06,788</u> | | <u>1,68,40,934</u> |
| Total expenses | | | <u>5,74,51,159</u> | | <u>4,10,35,550</u> |
| V Profit / (Loss) before Tax | | | (1,85,51,081) | | (3,34,13,246) |
| VI Tax Expenses | | | | | |
| Deferred Tax | | | <u>(2,43,66,649)</u> | | <u>1,41,30,488</u> |
| VII Profit/(Loss) for the Period | | | 62,15,568 | | (4,75,43,714) |
| VIII Earning per Equity Share (Nominal Value of Share Rs.10/-) | | | | | |
| (a) Basic | 22.9 | | 0.31 | | (2.33) |
| (b) Diluted | 22.9 | | 0.31 | | (2.33) |

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For and on behalf of the Board of Directors

For P Mukhopadhyay & Co.
Firm Registration No. 302085F
Chartered Accountants

Vijay Kr. Agarwal
Director
DIN : 00121351

(Subhas Mukhopadhyay)
(Partner)
(M. No. 050384)

Avik Chakraborty
Company Secretary
M. No. : 45014

Saravanan Asokan
Whole Time Director
DIN : 07019583

Niraj Jalan
Director
DIN : 00551970

Place: Kolkata
Date: 30/05/2017



Nilachal Refractories Ltd

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING POLICY

Accounts are maintained under the mercantile system of accounting, adopting historical cost convention. The significant accounting policies are :-

1.1. Revenues :-

- a) Sales are inclusive of excise duty. Bonus claims, linked to operating efficiency of products, are recognized upon crystallization.
- b) Export Incentive under the Duty Entitlement Pass Book Scheme are recognized on the basis of credits afforded in the pass book.

1.2. Claims :-

Claims of the Company towards loss, damage and escalation are accounted when there is a certainty that the claim is realizable.

1.3. Valuation of Inventories :-

Raw materials, semi finished products and goods-in-process are valued at cost. Finished products are carried at lower of cost and net realizable value. Stores and spares are carried at cost. Cost for the purpose of valuation is generally ascertained on weighted average basis.

1.4. Fixed Assets :-

Fixed assets are valued at original cost of acquisition including taxes, duties, freight and other incidental expenses relating to acquisition and installation. Net Changes on foreign exchanges contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

a) Depreciation: Depreciation is systematically allocated over the useful life of an asset as specified in part C of schedule II of Company Act, 2013.

b) Impairment of Assets : The company reviews the carrying value of the assets for any possible impairment on each balance sheet date. Impairment loss, if any, is recognized in the year in which impairment takes place.

1.5. Foreign Currency :-

Transactions in foreign currency are accounted for at the prevailing rate on the transaction date. The year end balances in foreign currency are re-stated at the closing rate and the resultant difference is carried to Profit & Loss Account.

1.6. Borrowing Cost :-

The borrowing costs those are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized.

1.7. Research and Development Expenditure :-

Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure, which results in creation of assets, is included in fixed assets and depreciation is provided on such assets as applicable.

1.8. Intangible Assets :-

Expenditure incurred is treated in accordance with the provisions of Accounting Standard-26 "Intangible Assets" issued by the ICAI.



1.9. Basis of Preparation of Financial Statements :-

(i) The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 2013.

(ii) The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

1.10 Use of Estimates :-

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

1.11. Provision, Contingent Liabilities and Contingent Assets :-

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.12 Retirement Benefits :-

a. Contribution towards Provident Fund is being charged to revenue on accrual basis and is deposited to regional office of the concerned authority

b. Provision for gratuity has been made on the method as prescribed in the respective act.

c. Provision has been made for accrued leave salary due to the employees, computed with reference to un-availed leave of the employee at the year end.

1.13. Deferred Tax :-

Provision for Tax is made for current and deferred taxes. Current taxes is provided on the taxable income using applicable tax rates and tax laws. Deferred Tax Assets and Liabilities arising on account of timing differential and which are capable of reversal in subsequent periods are recognized using the Tax rates and Tax Laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is "Virtual Certainty" that sufficient future taxable income will be available against which such Deferred Tax/Assets will be realized.

1.14. Impairment of Assets :-

The carrying amount of assets are reviewed at each balance sheet date, if there is an indication of impairment based on the internal and external factors.



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

2 SHARE CAPITAL

| (a) Capital Structure | 31 March 2017 | | 31 March 2016 | |
|---|---------------|----------------------|---------------|----------------------|
| | Nos. | Rs. | Nos. | Rs. |
| Authorized | | | | |
| Equity Shares of Rs. 10/- each | 2,04,00,000 | 20,40,00,000 | 2,35,00,000 | 29,50,00,000 |
| 11% Redeemable Cumulative Preference Shares of Rs. 100/- each | 15,000 | 15,00,000 | 15,000 | 15,00,000 |
| 3% Redeemable Preference Shares of Rs. 100/- each | 28,45,000 | 28,45,00,000 | 19,35,000 | 19,35,00,000 |
| | | <u>-9,00,00,000</u> | | <u>-49,00,00,000</u> |
| Issued | | | | |
| Equity Shares of Rs. 10/- each | 2,04,00,000 | 20,40,00,000 | 2,34,00,000 | 29,40,00,000 |
| 11% Redeemable Cumulative Preference Shares of Rs. 100/- each | 15,000 | 15,00,000 | 15,000 | 15,00,000 |
| 3% Redeemable Preference Shares of Rs. 100/- each | 28,22,191 | 28,22,19,100 | 19,22,151 | 19,22,19,100 |
| | | <u>-8,77,19,100</u> | | <u>-39,77,19,100</u> |
| Subscribed & Paid up | | | | |
| Equity Shares of Rs. 10/- each fully paid up | 2,03,31,450 | 20,36,14,500 | 2,33,81,450 | 20,36,14,500 |
| 11% Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up | 14,980 | 14,98,000 | 14,980 | 14,98,000 |
| 3% Redeemable Preference Shares of Rs. 100/- each fully paid up | 28,22,191 | 28,22,19,100 | 19,22,151 | 19,22,19,100 |
| | | <u>-48,73,31,600</u> | | <u>-39,73,31,600</u> |

(b) Share Capital Reconciliation

| | 31 March 2017 | | 31 March 2016 | |
|---|--------------------|---------------------|--------------------|---------------------|
| | Nos. | Rs. | Nos. | Rs. |
| Equity Shares | | | | |
| At the beginning of the period | 2,04,00,000 | 20,40,00,000 | 2,34,00,000 | 29,40,00,000 |
| issued during the period | 0 | 0 | 0 | 0 |
| Outstanding at the end of the period | <u>2,04,00,000</u> | <u>20,40,00,000</u> | <u>2,34,00,000</u> | <u>29,40,00,000</u> |
| 11% Redem. Cum. Preference Share | | | | |
| At the beginning of the period | 15,000 | 15,00,000 | 15,000 | 15,00,000 |
| issued during the period | 0 | 0 | 0 | 0 |
| Outstanding at the end of the period | <u>15,000</u> | <u>15,00,000</u> | <u>15,000</u> | <u>15,00,000</u> |
| 3% Redem. Preference Share | | | | |
| At the beginning of the period | 19,22,151 | 19,22,19,100 | 19,22,151 | 19,22,19,100 |
| issued during the period | 9,00,000 | 9,00,00,000 | 0 | 0 |
| Outstanding at the end of the period | <u>28,22,191</u> | <u>28,22,19,100</u> | <u>19,22,151</u> | <u>19,22,19,100</u> |

(c) Particulars of Equity Shareholders holding more than 5% Shares at Balance Sheet date Equity Shares of Rs. 10/- each fully paid

| | 31 March 2017 | | 31 March 2016 | |
|--------------------------------------|---------------|------------------------|---------------|------------------------|
| | Nos. | % holding in the Class | Nos. | % holding in the Class |
| Jnmark International Pvt. Ltd | 57,89,066 | 28.33% | 57,89,066 | 28.33% |
| Season Trading & Investment Pvt. Ltd | 15,30,000 | 7.37% | 15,00,000 | 7.37% |
| Sushil Kumar Agarwal | 12,18,000 | 5.98% | 12,18,000 | 5.98% |
| Vijay Kumar Agarwal | 12,18,000 | 5.98% | 12,18,000 | 5.98% |
| Synil is Tie-up Pvt. Ltd | 17,30,000 | 8.35% | 17,00,000 | 8.35% |

(d) Particulars of Preference Shareholders holding more than 5% Shares at Balance Sheet date 11% Redeemable Preference Shares of Rs. 100/- fully paid up

| | 31 March 2017 | | 31 March 2016 | |
|--|---------------|------------------------|---------------|------------------------|
| | Nos. | % holding in the Class | Nos. | % holding in the Class |
| General Insurance Corporation of India | 5,000 | 33.38% | 5,000 | 33.38% |
| National Insurance Co. Ltd | 5,000 | 33.38% | 5,000 | 33.38% |
| United India Insurance Co. Ltd | 4,895 | 32.41% | 4,895 | 32.41% |



- (e) Particulars of Preference Shareholders holding more than 5% Shares at Balance Sheet date 0% Redeemable Cumulative Preference Shares of Rs 100/- fully paid up

| | 31 March 2017 | | 31 March 2016 | |
|---------------------------------------|---------------|------------------------|---------------|------------------------|
| | Nos. | % holding in the Class | Nos. | % holding in the Class |
| Chetas Distributors Pvt Ltd | 1,00,000 | 3.54% | 1,00,000 | 5.20% |
| Eynitha Tie Up Pvt Ltd | 2,83,936 | 10.06% | 2,83,936 | 14.77% |
| Unimart International Pvt.Ltd | 3,30,000 | 11.66% | 3,30,000 | 17.17% |
| Ganpati Industrial Pvt.Ltd | 3,02,276 | 10.71% | 3,02,276 | 15.73% |
| Genpat RV Tailors-Alpha Track Pvt.Ltd | 3,30,280 | 13.47% | 3,30,280 | 10.76% |
| Rudraksh Decon Pvt. Ltd | 1,62,627 | 5.76% | 1,62,627 | 8.46% |
| Vina Prakash HUF | 1,67,500 | 5.94% | 0 | 0.00% |
| Kamal Prakash -HUF | 1,67,500 | 5.94% | 0 | 0.00% |
| Raj Fari Agrawal | 1,67,500 | 5.94% | 0 | 0.00% |
| Think finance (P) Ltd | 2,06,700 | 10.27% | 0 | 0.00% |

- (e) The rights, preference and restrictions including restrictions on the distribution of dividends and the repayment of capital :-

The Company have two class of shares i.e. Equity & Preference carrying a nominal value of Rs 10 each and Rs 100 each respectively. Each holder of equity Shares is entitled to one vote per share. The Company shall declare and pay dividend in Indian Rupees. When the company have distributable profit, the company shall propose dividend, subject to the approval of shareholders in annual general meeting. 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. The distribution will be in proportion to the number of equity shares held by the shareholders. Also the preference shares shall be redeemed only when the company have distributable profits which would otherwise be available for dividend or out of proceeds of fresh issue of shares made for the purpose of redemption, hence for the year under review the shares shall not be redeemed.

11% Redeemable Cumulative Preference shares were redeemable before September 2035 by giving six months notice by such redemption to the holder thereof. However, as per the terms of the Sanctioned Rehabilitation Scheme, the preference Shares are to be continued with full over option for another 5 years and no interest is payable during such rehabilitation period. Accordingly, no provision for any interest has been made during the year. Due to non-availability of profit, no provision has been made for payment of dividend to the Preference Shareholders; cumulative from the date of allotment i.e 20th September 1980 upto the due date of redemption amounting to Rs 41.60 Lacs or the dividend payable thereafter. Further 0% Redeemable Preference Shares shall be subject to redemption when the Company has distributable profit. Hence, for the year under review the Shares shall not be redeemed.

Issue of Shares :

9,90,000 0% Redeemable Preference Share of Rs. 100/- at par has been issued and allotted by the Company by conversion of unsecured Loans. The Preference Shares shall from the date of allotment rank pari-passu in all respects with all other preference shares of similar category in the Company than on issue. The Preference shares shall be redeemed before the expiry of 29 years when the company has distributable profits and upon mutual consent of the allottees and company with an option to redeem at the sole discretion of the company at any time after the expiry of thirty six month from the date of the allotment, at par or at a premium out of the distributable profits of the company.

| | 31 March 2017 | | 31 March 2016 | |
|--|----------------|----------------------|----------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. |
| 3 RESERVE & SURPLUS | | | | |
| (a) Central Subsidy | | | | |
| Balance as per last financial statements | 15,00,000 | | 15,00,000 | |
| Add :- Additions / Transfers during the year | 0 | | 0 | |
| Less :- Utilisation / Transferred during the year | 0 | 15,00,000 | 0 | 15,00,000 |
| (b) Share Premium | | | | |
| Balance as per last financial statements | 13,50,00,000 | | 13,50,00,000 | |
| Add :- Additions / Transfers during the year | 0 | | 0 | |
| Less :- Utilisation / Transferred during the year | 0 | 13,50,00,000 | 0 | 13,50,00,000 |
| (c) Share Forfeiture Money (3855 Equity Shares) | | | | |
| Balance as per last financial statements | 1,20,125 | | 1,20,125 | |
| Add :- Additions / Transfers during the year | 0 | | 0 | |
| Less :- Utilisation / Transferred during the year | 0 | 1,20,125 | 0 | 1,20,125 |
| (d) Surplus/(Deficit) in the statement of Profit and Loss | | | | |
| Balance as per last financial statements | (22,33,06,609) | | (17,87,61,895) | |
| Add :- Profit/Loss for the year | 52,16,568 | | (4,75,43,714) | |
| Less :- Depreciation for prior period | (35,13,330) | (22,06,03,371) | 0 | (22,06,03,699) |
| Total Reserves & Surplus | | (8,99,83,246) | | (8,96,81,484) |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

| | 31-03-17 Rs. | 31-03-16 Rs. |
|--|-----------------|-----------------|
| 4 Other Long Term Liabilities | | |
| Trade / Security Deposits | 1,00,868 | 1,00,858 |
| Provision on Leave encashment & Gratuity Payable | 17,05,692 | 16,32,114 |
| | 18,06,560 | 17,32,982 |

5 Short Term Borrowings

Secured

| | | |
|------------------------------------|---|-------------|
| Cash Credit Limit From Canara Bank | 0 | 7,27,74,886 |
|------------------------------------|---|-------------|

Unsecured Loans

| | | |
|---|--------------|--------------|
| Loan Repayable on Demand from Related Parties | 13,57,96,910 | 13,71,24,010 |
|---|--------------|--------------|

Notes :-

(1) Security :-

Loan Repayable on Demand from Canara Bank (Cash Credit) Secured by Secured by Book Debt, hypothecation of stock, first charge on the fixed assets of the company both present and future and personal guarantee of the directors

(2) Details of terms of repayment for the other short term borrowings.

| Particulars | 31-03-17 | | 31-03-16 | |
|-------------------------------------|----------------|------------------|----------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| | <u>Secured</u> | <u>Unsecured</u> | <u>Secured</u> | <u>Unsecured</u> |
| <u>Loan Repayable on Demand</u> | | | | |
| Ambarella Cap Fin Private Limited | 0 | 2,51,27,914 | 0 | 29,33,597 |
| Bhumika Vintrade Pvt. Ltd. | 0 | 1,18,00,000 | 0 | 1,18,00,000 |
| Capricon Complex Pvt. Ltd. | 0 | 40,00,000 | 0 | 40,00,000 |
| Door Vally Finance And Leasing Ltd. | 0 | 32,00,000 | 0 | 32,50,000 |
| Metropolina Commercial (p) Ltd | 0 | 35,00,000 | 0 | 37,00,000 |
| P P Supplier & Agencies Pvt. Ltd. | 0 | 3,23,22,648 | 0 | 1,26,01,540 |
| Pushpek Dealcom Pvt. Ltd. | 0 | 34,00,000 | 0 | 28,50,000 |
| Rudraksha Deal.com (P) Ltd | 0 | 1,23,00,000 | 0 | 0 |
| Subhankar Mercantile Pvt. Ltd. | 0 | 24,00,000 | 0 | 24,00,000 |
| Gushil Kumar Agrawal | 0 | 30,00,000 | 0 | 0 |
| Think Finance Pvt Ltd. | 0 | 2,80,45,640 | 0 | 4,62,13,081 |
| Vimal Prakesh | 0 | 0 | 0 | 1,73,75,000 |
| Vijay Agrawal | 0 | 51,50,708 | 0 | 0 |
| | 0 | 13,67,96,910 | 0 | 13,71,24,618 |

6 Trade payables

Trade payables -

| | | |
|---|-------------|-------------|
| Other than acceptances Micro, Small and Medium Enterprises others | 7,15,30,708 | 8,65,85,809 |
|---|-------------|-------------|

7 Other Current Liabilities

(a) Other payables

| | | |
|-----------------------------|-------------|-------------|
| (i) Statutory remittances | 7,49,928 | 1,84,245 |
| (ii) Advance from customers | 2,34,16,901 | 3,38,54,509 |
| | 3,40,78,854 | 3,40,78,854 |

(b) Creditors for Capital Work-in-Progress

| | | |
|--|-------------|-------------|
| | 40,03,597 | 40,03,597 |
| | 2,81,70,426 | 3,80,82,451 |

NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

Note - 8

| A. Description of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|-----------------------------------|----------------------|---------------------------|----------------------------------|-----------------------|-----------------------|---------------------------------|--------------------------|-----------------------------|-----------------------|--------------------------------------|--------------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| | As at 1st April 2016 | Additions during the year | Sales/Adjustment during the year | As at 31st March 2017 | As at 31st March 2016 | Adjusted With Retained Earnings | Provided during the year | Deduction Sales Adjustments | As at 31st March 2017 | Net Value of Assets as at 31.03.2017 | Net Value of Assets as at 31.03.2016 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| LAND (Freehold) | 18,16,851 | 0 | 0 | 18,16,851 | 0 | 0 | 0 | 0 | 18,16,851 | 18,16,851 | 18,16,851 |
| LAND (Leasehold) * | 1,55,000 | 0 | 0 | 1,55,000 | 0 | 0 | 0 | 0 | 1,55,000 | 1,55,000 | 1,55,000 |
| BUILDINGS | 2,06,19,700 | 0 | 0 | 2,06,19,700 | (45,65,32) | (47,04,700) | 3,10,982 | 0 | 1,01,11,582 | 1,05,08,116 | 61,14,380 |
| PLANT & MACHINERIES | 15,31,90,054 | 0 | 0 | 15,31,90,054 | 0,53,17,709 | 1,06,29,332 | 65,39,961 | 0 | 0,24,90,022 | 7,07,04,302 | 0,79,72,340 |
| FURNITURE & FITTINGS | 61,17,126 | 0 | 0 | 61,17,126 | 52,29,314 | 2,86,602 | 85,416 | 0 | 56,01,832 | 5,15,294 | 8,87,312 |
| VEHICLES | 64,16,789 | 0 | 0 | 64,16,789 | 42,11,503 | 3,02,096 | 2,65,289 | 6,30,603 | 42,08,280 | 15,23,354 | 21,45,281 |
| TOTAL | 18,83,45,520 | 0 | 0 | 18,75,80,675 | 8,93,24,351 | 65,13,330 | 72,20,648 | 6,50,803 | 0,24,07,726 | 8,52,52,949 | 9,80,21,169 |
| Previous Year figures | 18,96,44,571 | 6,604 | 13,05,655 | 18,83,45,520 | 8,06,29,506 | 0 | 0 | 13,85,155 | 8,33,24,351 | 9,91,21,169 | |
| B Capital Work in Progress | 31,47,03,511 | 0 | 0 | 31,47,03,511 | 0 | 0 | 0 | 0 | 0 | 31,47,03,511 | 31,47,03,511 |
| Previous Year figures | 31,47,03,511 | 0 | 0 | 31,47,03,511 | 0 | 0 | 0 | 0 | 0 | 31,47,03,511 | 31,47,03,511 |

* - Note - The Leasehold land was acquired in 1930 for a term of 99 years





NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

| | 31-Mar-17 | | 31-Mar-16 | |
|---|-------------|-------------|-------------|--------------|
| | Rs. | Rs. | Rs. | Rs. |
| 9 Long Term Loans & advances (Unsecured, Considered good) | | | | |
| Advances For Capital Goods | | 75,42,980 | | 75,42,980 |
| Security Deposit | | 22,39,122 | | 22,41,622 |
| <u>Advances recoverable in cash or kind</u> | | | | |
| Considered Good | 1,34,966 | | 1,34,966 | |
| Considered Doubtful | 0 | 1,31,966 | 0 | 1,31,966 |
| | | 99,17,068 | | 99,19,568 |
| 10 Loans & advances | | | | |
| <u>Other Non-Current Assets</u> | | | | |
| ii) Interest accrued on deposits | | 3,18,467 | | 2,89,342 |
| iii) Compensation on Land Acquired | | 61,839 | | 61,839 |
| | | 3,80,356 | | 3,51,231 |
| 11 Inventories (As taken, valued and certified by the management) | | | | |
| Stock of Stores and Spare Parts (At Cost) | | 29,96,092 | | 29,96,092 |
| Stock of Packing Material (At Cost) | | 20,74,608 | | 22,76,485 |
| Stock of By Products (At Net Realisable Value) | | 2,47,220 | | 2,73,700 |
| Stock of Raw Material (At Cost) | | 1,23,30,826 | | 1,32,11,371 |
| Stock of Finished Goods (At Lower of Cost or Net Realisable Value) | | 6,18,25,718 | | 7,90,65,578 |
| <u>Stock of Work in Progress (At Cost)</u> | | | | |
| Refractories Brick | | 3,70,27,890 | | 4,15,62,247 |
| | | 1,65,02,354 | | 13,93,85,473 |
| 12 Trade Receivables (Unsecured, Considered good) | | | | |
| Outstanding for a period exceeding six months | 4,05,39,012 | | 4,11,44,037 | |
| Less: Provision for doubtful receivables | (10,02,537) | 3,95,36,475 | (10,02,537) | 4,01,41,500 |
| Other debts | | 24,39,623 | | 0 |
| | | 4,19,76,098 | | 4,01,41,500 |

Note :- Private companies in which any director is a director or member. Trade receivables outstanding for a period exceeding six months from the date they were due for payment :- (a) Jekay International Track (P) Ltd. Current Year Rs. 2,67,163/- (Previous year Rs. 2,87,163/-) (b) Jwanram Sheodutt Rai Pvt Ltd. Rs. 26,600/- (Previous Year Rs. 23,600/-).



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

13 Cash and Cash Equivalents

| | | |
|------------------------------------|-----------|-----------|
| Cash in hand | 58,639 | 10,915 |
| Balances with banks | | |
| - in current accounts | 14,27,896 | 2,16,818 |
| - in EEFC account | 2,38,817 | 2,78,804 |
| - in deposit account | 6,45,133 | 6,38,402 |
| - Debit Balance in Cash Credit A/c | 847 | 0 |
| | 23,62,632 | 0 |
| | 24,21,331 | 11,34,024 |
| | | 11,44,939 |

Notes :- Balances with banks include deposits amounting to Rs 3,44,652/- as margin monies

14 Short Term Loans & Advances

(Unsecured, Considered good)

| | 31-Mar-17 | | 31-Mar-16 | |
|---|-----------|-----------|-----------|-----------|
| | Rs. | Rs. | Rs. | Rs. |
| Security Deposit | | 50,000 | | 50,000 |
| Loans and advances to employees | 3,75,203 | | 5,31,394 | |
| Less : Provision for doubtful advances | (91,043) | 2,84,152 | (91,019) | 4,40,346 |
| Prepaid Expenses | | 0 | | 88,978 |
| Advance to creditors | | 5,000 | | 1,02,732 |
| Balance with statutory / government authorities | | | | |
| (i) Sales Tax Recoverable | 12,58,441 | | 12,58,441 | |
| (ii) Central credit receivable | 21,25,094 | | 24,48,797 | |
| (iii) VAT tax credit receivable | 1,96,170 | | 2,02,507 | |
| (iv) Export Benefit Receivable | 18,82,307 | | 18,82,307 | |
| (v) Income Tax Refundable | 1,46,000 | | 1,46,000 | |
| (vi) Advance Payment of Income Tax | 1,17,650 | | 1,22,585 | |
| (vii) Entry Tax Receivable | 0 | 57,25,662 | 410 | 60,59,047 |
| | | 60,64,814 | | 67,11,103 |

Notes :-

Sales Tax Recoverable include amount of Rs 6.53 lacs (Previous Year Rs 6.53 Lacs) collected by Sales Tax authorities against demand not acknowledged by the Company.

15 Revenue from operations

Sale of Products

Sales of Manufactured Goods

| | | |
|------------------------|-------------|-----------|
| Refractory Bricks | 1,30,62,934 | 34,90,877 |
| Castables & Monolithic | 85,57,502 | 5,00,000 |
| Coal Tar | 22,953 | 0 |
| | 1,96,43,385 | 40,90,877 |

Others

| | | |
|---------------|-------------|-----------|
| Raw Materials | 24,363 | 0 |
| | 1,96,67,746 | 0 |
| | 1,96,67,746 | 40,90,877 |

Other Operating Revenue

| | | |
|--------------------|-------------|-----------|
| Sales of Scrap | 52,28,927 | 8,54,868 |
| | 2,46,96,673 | 49,65,865 |
| Less : Excise Duty | 17,70,651 | 2,79,961 |
| | 2,31,26,022 | 47,05,724 |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

16 Other Income

Interest

| | | | | |
|--|----------|----------|----------|----------|
| Interest (Gross) (TDS Rs. 17,650/-, PY Rs. 22,585/-) | 1,85,957 | | 2,34,309 | |
| Interest on IT Refunds | 785 | 1,86,742 | 1,000 | 2,35,309 |

Other Non Operative Income

| | | | | |
|--|-------------|-------------|-----------|-----------|
| Liabilities / Provisions Written Back | 1,52,33,439 | | 23,746 | |
| Sundry Balances Written Off | 0 | | 17,435 | |
| Misc. Income - Insurance Claims Received | 0 | | 1,71,000 | |
| Discount Received | 0 | | 3,23,590 | |
| Prior Period Adjustments | 14,300 | | 0 | |
| Exchange Fluctuation (Net) | 1,70,002 | | 0 | |
| Profit on Sales of Fixed Assets | 69,483 | 1,54,87,314 | 21,49,500 | 26,85,271 |

| | | | | |
|--|-------------|--|-----------|--|
| | 1,56,74,059 | | 23,20,580 | |
|--|-------------|--|-----------|--|

17 Cost of Material Consumed

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Opening Stock | 1,32,11,371 | | 1,55,30,197 | |
| Purchases | 6,08,540 | | 0 | |
| | 1,38,19,911 | | 1,55,30,197 | |
| Less: Cost of Material Sold | 19,770 | 1,38,00,141 | 0 | 1,55,30,197 |
| Closing Stock | | 1,23,30,826 | | 1,32,11,371 |
| Cost of Material Consumed | | 14,69,315 | | 23,18,826 |

18 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year :-

| | 31-Mar-17 | | 31-Mar-16 | |
|------------------|-------------|-------------|-------------|--------------|
| | Rs. | Rs. | Rs. | Rs. |
| Finished goods | 6,18,25,718 | | 7,90,65,578 | |
| Work-in-progress | 3,70,27,890 | | 4,15,62,247 | |
| By-Products | 2,47,220 | 9,91,01,828 | 2,73,700 | 12,09,01,525 |

Inventories at the Beginning of the year :-

| | | | | |
|------------------|-------------|--------------|-------------|--------------|
| Finished goods | 7,90,65,578 | | 8,03,33,826 | |
| Work-in-progress | 4,15,62,247 | | 4,17,03,792 | |
| By-Products | 2,73,700 | 12,09,01,525 | 2,73,700 | 12,23,76,318 |
| | | 2,18,00,697 | | 14,74,793 |

19 Employee Benefits Expenses

| | | | | |
|---|--|-----------|--|-----------|
| Salaries, Wages and other allowances | | 10,03,702 | | 24,08,750 |
| Contribution to provident and other funds | | 49,390 | | 34,494 |
| Staff welfare expenses | | 24,595 | | 13,308 |
| Retrenchment Compensation | | 10,000 | | 4,24,688 |
| | | 16,92,747 | | 29,41,240 |

20 Finance costs

Borrowing Cost

Interest Expenses on

| | | | | |
|----------------------|-----------|-------------|-------------|-------------|
| (i) Borrowings | 61,95,625 | | 1,57,10,010 | |
| (ii) Unsecured Loans | 45,50,853 | 1,37,45,473 | 12,46,753 | 1,69,56,763 |
| Processing Charges | | 3,14,486 | | 5,06,994 |
| | | 1,10,60,964 | | 1,74,63,757 |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

21 Other Expenses

| | | |
|--|--------------------|--------------------|
| Cost of Material Sold | 19,770 | 0 |
| Consumptions of Packing Materials | 10,33,965 | 65,862 |
| Consumptions of Stores & Spares | 0 | 22,052 |
| Electricity and Power | 18,42,205 | 16,52,425 |
| Manufacturing Expenses | 5,51,217 | 1,51,548 |
| Repairs & Maintenance : | | |
| To Plant & Machinery | 3,37,810 | 1,04,988 |
| To Building | 2,73,498 | 11,06,638 |
| To Others | 11,60,094 | 4,33,992 |
| Carriage outward | 5,25,216 | 1,33,200 |
| Sales Promotion | 22,412 | 0 |
| Rent | 7,73,248 | 15,33,817 |
| Bank Charges | 53,360 | 32,479 |
| Rebate & Discount | 0 | 34,71,937 |
| Rates & Taxes | 53,500 | 68,500 |
| Exchange Fluctuation (Net) | 0 | 10,33,959 |
| Telephone Charges | 1,15,534 | 1,24,385 |
| Insurance charges | 1,50,010 | 2,20,498 |
| Computer Expenses | 23,863 | 29,423 |
| Books & Periodicals | 2,987 | 3,944 |
| Printing & Stationery | 83,755 | 1,36,661 |
| Filing Fees | 25,200 | 7,800 |
| Postage & Courier Charges | 1,09,208 | 1,57,640 |
| Professional & Consultancy Charges | 15,03,074 | 6,39,194 |
| Conveyance, Tour & Travels | 15,04,307 | 19,44,465 |
| Prior Period Expenses/ Adjustments | 0 | 6,47,791 |
| Payment to auditors - Audit Fees* | 46,000 | 46,000 |
| Legal Charges | 0 | 1,99,110 |
| General Expenses | 11,15,957 | 9,20,432 |
| Liasing Fees | 1,00,000 | 0 |
| Subscription Fees & Expenses | 3,17,116 | 1,35,568 |
| Water & Warc | 10,33,690 | 9,70,137 |
| Office Maintenance | 1,13,895 | 3,26,926 |
| Miscellaneous Expenses | 2,93,888 | 1,94,563 |
| | 1,42,05,788 | 1,68,40,934 |
| Notes :-* | | |
| Payment to Auditors Comprise (net of service Tax, inputCredif, where applicable) | | |
| As Auditors - Statutory Audit | 46,000 | 46,000 |
| For Company Law Matters | 0 | 0 |
| For Management Service | 0 | 0 |
| For Other Service | 0 | 0 |
| Certification Fees | 0 | 0 |
| | 46,000 | 46,000 |
| Miscellaneous Expenses | | |
| Advertisement | 0 | 33,326 |
| TDS - Others Payments | 2,139 | 0 |
| Guest House Expenses | 13,686 | 60,361 |
| Interest (other) A/c | 1,78,075 | 10,026 |
| Electricity Charges | 60,470 | 84,970 |
| Sundry Balances Written Off | 138 | 0 |
| Packing Expenses | 0 | 5,880 |
| Transport Charges A/c | 44,380 | 0 |
| | 2,98,888 | 1,94,563 |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

| 22 Additional information to the financial statements | 31-Mar-17 Rs. in Lacs | 31-Mar-16 Rs. in Lacs | |
|--|--------------------------------|--------------------------------|----------|
| 22.1 Contingent Liabilities | | | |
| Sales Tax | 95.28 | 96.28 | |
| Water Charges | 7.14 | 7.14 | |
| Suit Pending against the Company | 3.54 | 9.94 | |
| Orissa Entry Tax | 4.17 | 4.17 | |
| Fine imposed by BSE not acknowledged by the Co. | 3.00 | 22.22 | |
| 22.2 Commitments | | | |
| Estimated amount of contract remaining to be executed on Capital account and not provided for Tangible assets | 1,233.53 | 1,238.93 | |
| 22.3 Details of Unhedged foreign currency Exposure | 31-Mar-17 | 31-Mar-16 | |
| | Receivable/ (Payable) Rs | Receivable/ (Payable) Rs | |
| Payable in foreign exchange | (1,99,64,788) | (2,01,24,777) | |
| Receivable in foreign exchange | (3,03,610) | (3,03,610) | |
| | € | € | |
| | 0 | 0 | |
| | (1,99,64,788) | (2,01,24,777) | |
| | (3,03,610) | (3,03,610) | |
| | Rs | Rs | |
| Payable in foreign exchange | (18,85,362) | (18,85,362) | |
| | (27,922) | (27,922) | |
| | € | € | |
| | 0 | 0 | |
| 22.4 Value of imports calculated on CIF basis : | 31-Mar-17 Rs | 31-Mar-16 Rs | |
| Raw materials | 0 | 0 | |
| 22.5 Expenditure in foreign currency : | | | |
| Royalty | | | |
| Professional and consultation fees | 0 | 0 | |
| Interest | 0 | 0 | |
| Other matters | 0 | 0 | |
| 22.6 Details of consumption of Imported and Indigenous items | 31-Mar-17 | 31-Mar-16 | |
| | % Rs | % Rs | |
| Imported | | | |
| Raw materials | 0.00% 0 | 12.49% 2,89,611 | |
| Components | 0 | 0 | |
| Spare parts | 0 | 0 | |
| | 0 | 2,89,611 | |
| Indigenous | | | |
| Raw materials | 100.00% 14,09,315 | 87.5% 20,29,215 | |
| Components | 0 | 0 | |
| Spare parts | 0 | 0 | |
| | 14,09,315 | 20,29,215 | |
| 22.7 Earnings in foreign currency : | 31-Mar-17 Rs | 31-Mar-16 Rs | |
| Export of finished goods calculated on FOB basis | 0 | 0 | |
| | 0 | 0 | |
| 22.8 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 | | | |
| | SBNs | Other denomination notes | Total |
| 1 Opening cash in hand as on 08.11.2016 | 2,62,500 | 0 | 1,56,188 |
| 2 (+) Permitted receipts | 0 | 0 | 6,06,750 |
| 3 (-) Permitted payments | 0 | 0 | 6,41,838 |
| 4 (+) Amount deposited in Bank | 2,62,400 | 0 | 0 |
| 5 Closing cash in hand as on 30.12.2016 | 0 | 0 | 1,21,098 |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

| 22 Additional information to the financial statements.. Contd.. | 31-Mar-17 Rs | 31-Mar-16 Rs |
|--|--------------------|--------------------|
| 22.9 Earnings per share : | | |
| (a) Continuing operations | | |
| Net profit / (loss) for the year from continuing operations | 42,15,568 | (4,75,43,714) |
| Less: Preference dividend and tax thereon | 0 | 0 |
| Net profit / (loss) for the year from continuing operations attributable to the equity shareholders | 42,15,568 | (4,75,43,714) |
| Weighted average number of equity shares | 2,03,61,450 | 2,43,61,450 |
| Par value per share | 10 | 10 |
| Earnings per share from continuing operations - Basic & Diluted | 0.31 | (2.33) |
| (b) Total operations | | |
| Net profit / (loss) for the year from continuing operations | 42,16,668 | (4,75,43,714) |
| Less: Preference dividend and tax thereon | 0 | 0 |
| Net profit / (loss) for the year from continuing operations attributable to the equity shareholders | 42,16,668 | (4,75,43,714) |
| Weighted average number of equity shares | 2,03,61,450 | 2,43,61,450 |
| Par value per share | 10 | 10 |
| Earnings per share from continuing operations - Basic & Diluted | 0.31 | (2.33) |
| 22.10 Deferred Tax (Liability) / Asset | | |
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of fixed asset | 1,13,26,271 | 1,30,14,320 |
| | <u>1,13,26,271</u> | <u>1,30,14,320</u> |
| Tax effect of items constituting deferred tax assets | | |
| Provision for compensated absences, gratuity and other employee benefits | 5,27,058 | 5,04,320 |
| Unabsorbed depreciation carried forward & brought forward business loss | 6,62,33,620 | 4,50,74,771 |
| | <u>6,67,60,678</u> | <u>4,55,79,091</u> |
| Net Deferred Tax (liability) / asset | <u>5,74,34,417</u> | <u>3,25,67,788</u> |
| 22.11 Other Notes :- | | |
| 1 Voluntary Retirement Scheme (VRS) was introduced under which terminal date of employment was fixed as 31st July 2002. Provision for unpaid compensation has been made for the employees who have not taken the same. Modified Golden Handshake Schemes containing similar benefits as that of Voluntary Separation Scheme were introduced (in respect of ex-employees who were separated under the Golden Handshake Scheme 3 & 4) wherein cut off date for computation of compensation was kept as 31st July 2002. Provision for unpaid lump sum payment has been made for the ex-employees who have not taken the same. | | |
| 2 Confirmation of Parties concerned for amount due, receivable from and/or payable to them as per the accounts of the company were not received. Necessary adjustment, if any, shall be done at the time of settlement of respective account. | | |
| 3 The financial result of the company pertains to operations related to refractories which is the only significant business segment of the Company as per AS-17 issued by the ICAI. | | |
| 4 There are no Micro, Small and Medium enterprises to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2017. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors. | | |



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

- 5 In view of unabsorbed losses and unabsorbed depreciation brought forward, there being no tax liability hence no provision for current Income Tax have been made during the year.
- 6 The Schedule III has become effective from 1 April, 2014 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / rearranged / recasted wherever considered necessary. Figure have been rounded off to the nearest rupee.
- 7 In the opinion of the management, aggregate value of current assets and other loans and advances on realization in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.
- 8 BSE has initiated proceeding against the company by imposing a fine of Rs. 22.22 Lacs for non-compliance of clause 41 of the listing agreement during the period of lockout, the company has moved a petition before the honorable Securities Appellate Tribunal and also sent a representation to the BSE Ltd. The honorable panel of BSE Ltd passed an order dated 03.10.2016 waiving the said fine imposed earlier.
- 9 During the year under consideration, there was a reclassification of the Authorized Share Capital of the Company effecting the following Changes:

| | <u>Before Reclassification</u> | | <u>After Reclassification</u> | |
|--|--------------------------------|--------------|-------------------------------|--------------|
| | <u>Nos.</u> | <u>Rs.</u> | <u>Nos.</u> | <u>Rs.</u> |
| Equity Shares of 10 each | 2,35,00,000 | 29,50,00,000 | 2,04,00,000 | 20,40,00,000 |
| 1% Redeemable Cumulative Preference shares of Rs. 100 each | 15,000 | 15,00,000 | 15,000 | 15,00,000 |
| 0% Redeemable Preference shares of Rs. 100 each | 19,35,000 | 19,35,00,000 | 28,45,000 | 28,45,00,000 |

As per our Report of even date

For and on behalf of the Board of Directors

For P Mukhopadhyay & Co.
Firm Registration No. 302085E
Chartered Accountants

Vjay Kr. Agarwal
Director
DIN : 03121351

(Subhas Mukhopadhyay)
(Partner)
(M. No. 05(384)

Place: Kolkata
Date: 30/05/2017

Avik Chakraborty
Company Secretary
M. No. : 45014

Sarananan Asokan
Whole Time Director
DIN : 37019583

Niraj Jalan
Director
DIN : 00551970



NILACHAL REFRACTORIES LIMITED

Notes to the Financial Statements for the year ended 31 March, 2017

22 Additional information to the financial statements Contd...

22.12 Details of related parties

| Description of relationship | Names of related parties |
|--|---|
| Ultimate Holding Company | N.A. |
| Holding Company | N.A. |
| Ultimate Holding Company | N.A. |
| Subsidiaries | N.A. |
| Fellow Subsidiaries etc be | N.A. |
| Associates | N.A. |
| Key Management Personnel (KMP) | Mr. Vimal Prakash, Mr. Vijay Kumar Agarwal, Mr. S. Ashokan, Mr. Aditya Purohit |
| Relatives of KMP | Kamal Prakash (HUF), Raj Rani Agarwal, & Vimal Prakash (HUF) |
| Company in which KMP / Relatives of KMP can exercise significant influence | Jekay International Track Pvt. Ltd., Ambarella Cap Fin Private Limited, NHL Clayburn Ltd., P P Suppliers & Agencies (P) Ltd., Pushpak Dealcom (P) Ltd, Unimark International (F) Ltd, |

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended on 31st March, 2017 and balances outstanding as at 31st March 2017 (Figures in bracket pertain to the previous year)

| Particulars | Associates | | KMP | | Entities in which KMP / relatives of KMP have significant influence | |
|--|------------|------|-------------|-------------|---|-------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Sales | | | | | | |
| NRL Clayburn Ltd | | | | | 57,00,941 | 6,00,000 |
| Remuneration | | | | | | |
| S. Ashokan | | | 70,105 | 8,94,585 | | |
| A. Purohit | | | | 3,31,650 | | |
| Interest on Loan Taken | | | | | | |
| Ambarella Cap Fin Private Limited | | | | | 9,92,454 | 65,552 |
| Loan Taken | | | | | | |
| Vimal Prakash | | | | 98,07,500 | | |
| Ambarella Cap Fin Private Limited | | | | | 2,38,18,017 | 1,16,25,000 |
| P P Suppliers & Agencies (P) Ltd. | | | | | 3,25,00,708 | 1,13,00,000 |
| Pushpak Dealcom (P) Ltd | | | | | 5,50,000 | 23,82,500 |
| Loan Repaid | | | | | | |
| Ambarella Cap Fin Private Limited | | | | | 90,25,000 | 87,50,000 |
| P P Suppliers & Agencies (P) Ltd. | | | | | 13,00,000 | |
| Pushpak Dealcom (P) Ltd | | | | | | 21,32,500 |
| Vimal Prakash | | | 5,21,25,000 | 4,00,32,500 | | |
| Issue of 0% Preference Shares by conversion of Loan taken | | | | | | |
| Kamal Prakash HUF | | | | | 1,67,50,000 | |
| P P Suppliers & Agencies (P) Ltd. | | | | | 1,08,80,000 | |
| Vimal Prakash HUF | | | 1,67,50,000 | | | |



NILACHAL REFRACTORIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

| | For the Year 2015-17 Rs | For the Year 2015-16 Rs |
|--|-------------------------------|-------------------------------|
| A. Cash Flow from operating Activities | | |
| Net Profit/(Loss) before tax | (1,66,51,081) | (3,34,13,245) |
| Adjust ment for : | | |
| Depreciation | 72,20,646 | 0 |
| Interest Received | 11,86,742 | (2,35,309) |
| Interest Paid | 1,10,60,964 | 1,74,63,757 |
| | 1,80,94,870 | 1,72,28,448 |
| Operating Profit before working Capital Changes | (5,56,211) | (1,51,84,795) |
| Adjust ment for : | | |
| Decrease/(increase) in trade and other Receivable | (18,34,596) | 77,30,081 |
| Decrease/(increase) in Loans and Advances (Excluding Income Tax) | 5,14,728 | 6,47,023 |
| Decrease/(increase) in Inventories | 2,28,83,119 | 37,47,527 |
| (Decrease)/ increase in Trade and other payables including Deposits | (2,40,30,546) | 21,13,585 |
| | (22,30,296) | 1,42,38,215 |
| Cash Generated from Operations | (37,86,509) | (19,46,582) |
| Taxes (Paid)/ Refund | 4,935 | 2,19,125 |
| Prior Period Income | 0 | 0 |
| Net Cash (used)/ from operating Activities | (37,81,574) | (17,27,457) |
| B. Cash Flow from Investing Activities | | |
| Purchase of fixed assets | 0 | (5,604) |
| Sale of Fixed Assets | 34,242 | 500 |
| Capital Work in Progress | 0 | 0 |
| Interest Received | 1,86,742 | 2,35,309 |
| Net Cash (used)/ from Investing Activities | 2,20,984 | 2,29,205 |
| C. Cash Flow from Financing Activities | | |
| Secured Loan Recd/ (paid) | (7,27,74,886) | (1,89,59,264) |
| Unsecured Loan (Repaid)/Received | (13,27,106) | 3,75,22,078 |
| Interest Paid | (1,10,60,964) | (1,74,63,757) |
| Issue of Preference Shares | 9,00,00,000 | 0 |
| Net Cash (used)/ from Financing Activities | 48,37,042 | 16,99,057 |
| Net Increase/ (decrease) in Cash and Cash equivalents (A+B+C) | 12,76,452 | (3,99,195) |
| Opening Cash and Cash equivalents | 11,44,939 | 15,44,134 |
| Closing Cash and Cash equivalents | 24,21,391 | 11,44,939 |

As per our Report of even date

For and on behalf of the Board of Directors

For P Mukhopadhyay & Co.
Firm Registration No. 302083E
Chartered Accountants

(Subhas Mukhopadhyay)
(Partner)
(M. No. 050384)

Place: Kolkata
Date: 30/05/2017

Avik Chakraborty
Company Secretary
M. No. : 45014

Saravanan Asokan
Whole Time Director
DIN : 07019583

Vijay Kr. Agarwal
Director
DIN : 00121351

Niraj Jalan
Director
DIN : 00551970



NILACHAL REFRACTORIES LIMITED

PROXY FORM

Form No. MGT-11

Proxy form [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L26939OR1977PLC000735
 Name of the company : NILACHAL REFRACTORIES LIMITED
 Registered office : P-598/599, KEDARNATH APARTMENT, MAHABIR NAGAR,
 LEWIS ROAD, BHUBANESWAR 751002

Name of members(s) :
 Registered address :
 E-Mail Id :
 Folio No/ Client Id :
 DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

Name : _____
 Address : _____
 E-mail Id : _____
 Signature : _____, or failing him

Name : _____
 Address : _____
 E-mail Id : _____
 Signature : _____, or failing him

Name : _____
 Address : _____
 E-mail Id : _____
 Signature : _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at theAnnual general meeting/ Extraordinary general meeting of the company, to be held on the day of..... At..... a.m. / p.m. at.....(place) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1.....
- 2.....
- 3..... & Others

Signed this day of 2017

Signature of shareholder Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



SPEED POST
(PRINTED MATTER ONLY)



If undelivered, please return to :

NILAGHAL REFRACTORIES LIMITED
P/508/599, Lewis Road, Mahabir Nagar,
Kedarnath Apartment, Bhubaneswar - 751 002,
Odisha