

**ANNUAL  
REPORT  
2012-2013**



**ORISSA SPONGE IRON & STEEL LIMITED**

### **Important Communication to Members**

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

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

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

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

OR

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

# Orissa Sponge Iron & Steel Limited

## Board of Directors

Mr. G. Mathi Vathanan, IAS	Chairman
Dr. P. K. Mohanty	Vice Chairman & Managing Director
Mr. P. C. Mohanty	Director
Mr. B. K. Sarkar	Director
Mr. S. K. Khetan	Director
Mr. A. K. Mukherjee	Director
Mr. S. H. Gupta	Director
Mr. M. Mohanty	Wholetime Director

## CFO & Company Secretary

Mr. S. Ramakrishnan

## Auditors

M/s. L. N. More & Co.  
Chartered Accountants  
Professor Para  
Cuttack - 753 003

## Registered Office and Project & Engineering Office

OSIL House  
Gangadhar Meher Marg  
Bhubaneswar - 751 024

## Plant

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

## Registrar & Share Transfer Agent

Link Intime India Private Limited  
59C, Chowringhee Road  
3rd Floor  
Kolkata - 700 020

## Corporate Office

CIC Building, 11th Floor  
33A, Jawaharlal Nehru Road  
Kolkata - 700 071

## Bankers

State Bank of India  
Bank of India  
State Bank of Bikaner & Jaipur

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# Orissa Sponge Iron & Steel Limited

## NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held on Friday, the 27th September, 2013 at Hotel Swosti, Bhubaneswar at 11.00 a.m. to transact the following business:

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2013 and the Balance Sheet as on that date together with the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. B. K. Sarkar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. K. Khetan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

### AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without any modification(s), the following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. G. Mathi Vathanan, IAS who was nominated by Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) as Director cum Chairman and appointed as Additional Director by the Board of Directors with effect from 03.10.2012 and who holds office up to the conclusion of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members proposing his candidature for the office of Director, be and is hereby appointed as Director cum Chairman of the Company, liable to retire by rotation".
6. To consider and if thought fit, to pass, with or without any modification(s), the following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. S. H. Gupta who was nominated by Torsteel Research Foundation in India (TRFI) as Director and appointed as Additional Director by the Board of Directors with effect from 10.01.2013 and who holds office up to the conclusion of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. To consider re-appointment of Dr. P. K. Mohanty as Vice Chairman and Managing Director for a term of three years with effect from 23.06.2013 and to consider and if thought fit to pass, with or without any modification(s), the following resolutions as Ordinary Resolutions:  
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 317 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act (including any amendment or modification thereof) and subject to approval of the Central Government or any such other approvals, if any, consent be and is hereby accorded to the re-appointment of Dr. P. K. Mohanty as Vice Chairman and Managing Director of the Company not liable to retire by rotation for a period of 3 (three) years with effect from 23rd June, 2013 on the terms and conditions including remuneration as set out in the Agreement between the Company and Dr. P. K. Mohanty, the salient features of which are stated in the explanatory statement annexed to the notice convening this meeting".  
"RESOLVED FURTHER THAT the Board of Directors, on the recommendations of the Remuneration Committee, be and are hereby authorized to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to the Managing Director in such a manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII of the Act and any modification as made by the Central Government or other appropriate authorities".  
"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all necessary action which are considered desirable or expedient to give effect to this resolution".
8. To consider re-appointment of Mr. Munir Mohanty as Whole-time Director for a term of five years with effect from 31st May, 2013 and to consider and if thought fit to pass, with or without any modification(s), the following resolutions as Ordinary Resolutions:  
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act (including any amendment or modification thereof) and subject to approval of the Central Government or any such other approvals, if any, consent be and is hereby accorded to the re-appointment of Mr. Munir Mohanty as Whole-time Director of the Company not liable to retire by rotation for a period of 5 (five) years with effect from 31st May, 2013 on the terms and conditions including remuneration as set out in the Agreement between the Company and Mr. Munir Mohanty, the salient features of which are stated in the explanatory statement annexed to the notice convening this meeting".  
"RESOLVED FURTHER THAT the Board of Directors, on the recommendations of the Remuneration Committee, be and are hereby authorized to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to the Whole-time Director in such a manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII of the Act and any modification as made by the Central Government or other appropriate authorities".  
"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all necessary action which are considered desirable or expedient to give effect to this resolution".

### Registered Office

OSIL House  
Gangadhar Meher Marg  
Bhubaneswar - 751 024

By Order of the Board

**S. Ramakrishnan**  
CFO & Company Secretary

Dated: 13th August, 2013

# Orissa Sponge Iron & Steel Limited

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 5

The Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) nominated Mr. G. Mathi Vathanan, IAS to hold the position as Director cum Chairman of the Company and in compliance thereof the Board of Directors had pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 105 of the Articles of Association of the Company appointed him as an Additional Director of the Company with effect from 03.10.2012.

In terms of the provisions of Section 260 of the Act, Mr. G. Mathi Vathanan, IAS holds office up to the conclusion of this Annual General Meeting. The Company has received notices in writing from some members of the Company proposing the candidature of Mr. G. Mathi Vathanan, IAS as Director cum Chairman liable to retire by rotation under provisions of Section 257 of the Act.

Brief resume of Mr. G. Mathi Vathanan, IAS is provided in Annexure A. The Board recommends the Ordinary Resolutions set out at item no. 5 of the Notice for the approval of the members.

None of the Directors of the Company except Mr. G. Mathi Vathanan, IAS in his personal capacity, are in any way, concerned or interested in the said resolution.

#### Item No. 6

Torsteel Research Foundation in India (TRFI) nominated Mr. S. H. Gupta to hold the position as Director of the Company and in compliance thereof the Board of Directors had pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 105 of the Articles of Association of the Company appointed him as an Additional Director of the Company with effect from 10.01.2013.

In terms of the provisions of Section 260 of the Act, Mr. S. H. Gupta, holds office up to the conclusion of this Annual General Meeting. The Company has received notices in writing from some members of the Company proposing the candidature of Mr. S. H. Gupta, as Director liable to retire by rotation under provisions of Section 257 of the Act.

Brief resume of Mr. S. H. Gupta is provided in Annexure A. The Board recommends the Ordinary Resolutions set out at item no.6 of the Notice for the approval of the members.

None of the Directors of the Company except Mr. S. H. Gupta in his personal capacity, Dr. P. K. Mohanty as Trustee of Torsteel Research Foundation in India and Mr. Munir Mohanty, as relative of Dr. P. K. Mohanty are in any way, concerned or interested in the said resolution.

#### Item No. 7

The Board of Directors re-appointed Dr. P. K. Mohanty as Vice Chairman and Managing Director with effect from 23rd June, 2013 not liable to retire by rotation for a period of 3 (three) years and on the recommendation of the Remuneration Committee approved the remuneration payable to him subject to the approval of the shareholders at the ensuing Annual General Meeting and the Central Government. The terms and conditions of appointment including remuneration payable to him are set out in the Agreement dated 13th August, 2013 entered into by the Company with Dr. P. K. Mohanty, which inter-alia, contains the following terms and conditions:

Salary: Re. 1 per month.

Perquisites:

- a. Medical Reimbursement: Actual medical expenses incurred for self and family. Hospitalization expenses will be paid/ reimbursed in full.
- b. Leave Travel Concession: For self and family once in every two years limited to Rs. 2,00,000 (Rupees Two Lakhs Only).
- c. Personal Accident Insurance: Premium on Personal Accident Insurance not to exceed Rs.15,000 (Rupees Fifteen Thousand) per annum.
- d. Club Fees: Fees of Clubs subject to a maximum of two Clubs.

Provision of Car for use on Company's business and telephone at residence for official use will not be considered as perquisites.

Commission:

Remuneration by way of commission @ 2% of the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 will also be allowed in addition to salary and perquisites. The amount of the commission based on the net profits of the Company in a particular year shall be subject to the overall ceilings laid down in Section 198 and Section 309 of the Act.

Minimum Remuneration:

Notwithstanding anything contained herein, where, in any financial year, during the currency of tenure of the Vice-Chairman and Managing Director, if the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites as specified above as minimum remuneration.

Brief resume of Dr. P. K. Mohanty is provided in Annexure A. The Agreement entered into by the Company with Dr. P. K. Mohanty dated 13th August, 2013 is available for inspection to the Members at the Registered Office of the Company on all its working days during working hours.

None of the Directors except Dr. P. K. Mohanty in his personal capacity and Mr. Munir Mohanty as relative of Dr. P. K. Mohanty, are in any way concerned or interested in the Resolution.

The above information may be construed as compliance under Section 302 of the Companies Act, 1956.

The Board recommends the Resolution for the approval of the members.

#### Item No. 8

The Board of Directors re-appointed Mr. Munir Mohanty as Whole-time Director with effect from 31st May, 2013 not liable to retire by rotation for a period of 5 (five) years and on the recommendation of the Remuneration Committee approved the remuneration payable to him subject to the approval of the shareholders at the ensuing Annual General Meeting and the Central Government. The terms and conditions of appointment including remuneration payable to him are set out in the Agreement dated 13th August, 2013 entered into by the Company with Mr. Munir Mohanty, which inter-alia, contains the following terms and conditions:

# Orissa Sponge Iron & Steel Limited

Salary: Rs. 38,000 per month.

House Rent Allowance: Rs. 19,000 per month.

Personal Allowance: Rs. 25,000 per month.

Education Allowance: Rs. 12,500 per month.

Perquisites:

- a) Medical Reimbursement: One month basic salary in one year or three months salary over a period of three years.
- b) Mediclaim Policy: Premium on Mediclaim Policy limited to Rs. 18,000 per annum.
- c) Leave Travel Concession: For self and family once in every two years equivalent to two months basic salary
- d) Personal Accident Insurance: Premium on Personal Accident Insurance not to exceed Rs.10,000 per annum
- e) Club Fees: Fees of Clubs subject to a maximum of two Clubs.
- f) Electricity: Rs. 3,800 per month

Exempted Benefits:

Provident Fund, Gratuity & Superannuation / Annuity benefits: Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

Leave encashment: Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Car & Telephone: Provision of Car for use on Company's business and telephone at residence for official use will not be considered as perquisites.

Minimum Remuneration:

Notwithstanding anything contained herein, where, in any financial year, during the currency of tenure of the Whole-time Director, if the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites as specified above as minimum remuneration.

Brief resume of Mr. Munir Mohanty is provided in Annexure A. The Agreement entered into by the Company with Mr. Munir Mohanty dated 13th August, 2013 is available for inspection to the Members at the Registered Office of the Company on all its working days during working hours.

None of the Directors except Mr. Munir Mohanty in his personal capacity, Dr. P. K. Mohanty as his relative are in any way concerned or interested in the Resolution.

The above information may be construed as compliance under Section 302 of the Companies Act, 1956.

The Board recommends the Resolution for the approval of the members.

## Registered Office

OSIL House  
Gangadhar Meher Marg  
Bhubaneswar - 751 024

By Order of the Board

**S. Ramakrishnan**  
CFO & Company Secretary

Dated: 13th August, 2013

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
3. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday the 20th September, 2013 to Friday the 27th September, 2013 (both days inclusive)**.
5. All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday between 11.00 a.m. and 4.00 p.m.
6. Members are requested to intimate the change of their address if any, immediately to the Registrar & Transfer Agent of the Company.
7. Members who are holding the shares in physical form are requested to open a Depository Account with any of the Depository participants attached to any of the two depositories (NSDL or CDSL) registered under the Depositories Act, so that a member may hold share on paperless de-materialized form, and enjoy better liquidity and other advantages.
8. For all matters relating to shares, members are requested to contact the Company at the following address:  
Link Intime India Pvt. Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata – 700020. Phone No: 033-2289-0540 Fax No: 033-2289-0539  
E-mail: kolkata@linkintime.co.in

OR

Orissa Sponge Iron & Steel Limited (Share Department) Chatterjee International Center, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata – 700071, Phone –2288 3910-16, Fax – 033-22267470, E-mail : calosil@cal.vsnl.net.in

9. Members, who have multiple accounts in identical names or joint names in same order, are requested to intimate M/s. Link Intime India Pvt. Limited, the ledger folio of such accounts to enable the Company to consolidate all such holdings into one account.
10. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificate in physical form and willing to avail this facility may make nomination in form 2B, which may be sent on request. However, in case of demat holdings the shareholders should approach to their respective depository participants for recording nominations.
11. Pursuant to provisions of Section 205C of the Companies Act, 1956 the Company has transferred unpaid/ unclaimed dividend for the financial year 2004-05 and earlier years to the Investor Education and Protection Fund (IEPF). Once unclaimed dividend is transferred to IEPF no claim shall lie in respect thereof.
12. Particulars of Directors seeking appointment / re-appointment at the 33rd Annual General Meeting in pursuance of clause 49 of Listing Agreement is given in Annexure A.

# Orissa Sponge Iron & Steel Limited

## Annexure - A

### Particulars of Directors seeking appointment / re-appointment at the 33rd Annual General Meeting in pursuance of Clause 49 of Listing Agreement

Name of the Director	Mr. B. K. Sarkar	Mr. S. K. Khetan	Mr. G. Mathi Vathanan	Mr. S. H. Gupta	Dr. P. K. Mohanty	Mr. Munir Mohanty
Date of Birth	18.10.1947	01.07.1959	03.01.1966	20.12.1966	06.01.1935	21.10.1962
Qualification	B.E. (Chemical)	B.Com.(H), FCA	IAS	Graduate	Ph.D (Eng).	B.S. (Economics & Finance), MBA
Date of Appointment	10.05.2010	06.06.2009	03.10.2012	10.01.2013	09.04.1979	31.05.2008
Expertise in Specific Functional areas	An Engineer (Chemical) with finance background having specialisation in corporate finance, project management, finance restructuring, acquisition and appraisal of new projects	A practising Chartered Accountant with 27 years of experience and 10 years of experience as Promoters and Developers in Real Estate. Also an expert analyst and consultant in the financial and share market.	An IAS Officer having profound experience working at different Government Sectors, Companies and Departments.	Proven experience in managing sponge iron, power and steel plant operations, procurement and logistics, cost control, project execution and commercial matters.	A significant contributor for growth of Iron & Steel Industry. Also the Promoter of Torsteel Research Foundation in India, responsible for developing the production and scientific utilization of high strength reinforcing steel in India and making TOR steel a household name. OSIL was promoted by him as the first commercial sponge iron plant and under his leadership the Sponge Iron manufacturing process i.e. OSIL Process was established.	Proven experience in setting up new project for fruit and food processing, horticulture development, marketing and sales and business administration
List of other Companies in which directorship is held (excluding in foreign Companies, private limited companies and Section 25 company)	Nil	i) Umra Securities Ltd. ii) Poorvanchal Fertilizers Ltd. iii) Saket Promoters Ltd. iv) Apeksha Securities Ltd.	i) Handloom Export Promotion Council ii) Bhubaneswar-Puri Transport Services Ltd. iii) Neelachal Ispat Nigam Ltd. iv) Paradij Investment Region Development Ltd. v) Industrial Promotion and Investment Corporation of Odisha Ltd.	Nil	i) Bama Iron & Steel Co. (India) Ltd. ii) MSD Corporate Advisors Ltd. iii) Torsteel Ltd. iv) Tor Comm Ltd. v) Keonjhar Infrastructure Development Co. Ltd. vi) Unitech Ltd. vii) Contisteel Ltd. viii) Indian Titanium Products Ltd.	i) Bilati (Orissa) Ltd. ii) Torsteel Ltd. iii) Tor Comm Ltd. iv) Indian Titanium Products Ltd. v) MSD Corporate Advisors Ltd. vi) Oriqua Ltd.
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director (excluding in Foreign Companies)	Nil	Nil	Nil	Nil	Nil	Nil
Details of Shareholding (both own or held by/ for other persons on a beneficial basis), if any, in the Company	Nil	Nil	Nil	Nil	115.555	Nil

# Orissa Sponge Iron & Steel Limited

## DIRECTORS' REPORT

Your Directors are pleased to report that after nearly 10 years of sustained effort, Forest Clearance for operating the Iron Ore Mines allotted to the Company has been granted on 3rd June, 2013 by the Ministry of Environment and Forest (MOEF). The Company will do its utmost to expedite compliance of all conditions and requirements leading to commencing mining operation as early as possible. Availability of Iron Ore from own mines will vastly improve production and profitability. Your Directors express their sincere gratitude to all concerned for bearing with the company during the difficult times.

Your Directors submit the following report on Financial Results for the year ended 31st March, 2013:

<b>Financial Results:</b>	<b>For the year ended 31st March, 2013 (₹ in lacs)</b>	<b>For the year ended 31st March, 2012 (₹ in lacs)</b>
Turnover	<b>3,808.73</b>	10,055.62
Profit / (Loss) before depreciation	<b>(5,266.36)</b>	(6,433.95)
Depreciation (net of revaluation adjustment)	<b>1,478.20</b>	1,218.07
Exceptional Items	-	530.91
Profit / (Loss) before tax	<b>(6,744.56)</b>	(8,182.93)
Tax for earlier years	-	190.79
Provision for Deferred Tax - Assets	<b>1,747.51</b>	1,846.98
Profit / (Loss) after tax	<b>(4,997.05)</b>	(6,526.74)
Surplus /(Deficit) brought forward from previous year	<b>(18,760.40)</b>	(12,233.66)
Surplus /(Deficit) carried forward to Statement of Profit & Loss	<b>(23,757.45)</b>	(18,760.40)

### Performance

The Company could operate the plant for only four months during the year. Non availability of iron ore of required quality and quantity at affordable prices and the continuing losses left the Company with no alternative but to shut down plant operations from 17th July, 2012 to reduce rapid erosion of net worth.

Production of sponge iron for the year was 12,430 MT as compared to 42,872 MT recorded last year. Revenue from sponge sales and power sales dropped to Rs. 3,897 lacs and Rs. 165 lacs respectively. Billet Plant was not operated during the year. The Company suffered losses for this year also.

### Subsidiary Company

Bamra Iron & Steel Company (India) Ltd. is a wholly owned subsidiary of the Company. Since the said Company has not started its operations as the project is under implementation, consolidated financial statement has not been prepared.

### Dividend

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

### Project & Engineering Division

The Project and Engineering (P&E) division is continuing its work of supplying process know-how and basic engineering to several existing sponge iron units as well as new units who call for such services. It has widened its network to include consultancy and supervisory services for renovation, up-gradation and re-commissioning of the mini steel plants with Sponge Iron, Power, Steel Mill Shop and Rolling Mills. It also takes up assignment for carrying out technical audit of Company's plant health, process health, quality, safety, energy efficiency and environment protection on a regular basis and recommending corrective measures.

### Community Development

In line with your Company's philosophy, your Company continues to pursue a comprehensive programme of Community Development covering education, immunization, agricultural & horticultural extension, mother & child care etc. directly and also through OSIL TRFI Community Services Trust.

### Quality

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

### Listing Fees

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

### Reconciliation of Share Capital

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

### Directors

Mr. G. Mathi Vathanan, IAS was nominated by Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) in place of Mr. C. J. Venugopal, IAS as Director cum Chairman. Accordingly he was appointed by the Board as Additional Director to hold the position of Director and Chairman on the Board with effect from 03.10.2012. Mr. S. H. Gupta was nominated by Torsteel Research Foundation in India (TRFI) on the Board. Accordingly he was appointed as Additional Director with effect from 10.01.2013. Having been appointed as Additional Directors, they vacate office on conclusion of the ensuing Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 have been received from some members for appointing them as Directors at the ensuing Annual General Meeting.



# Orissa Sponge Iron & Steel Limited

Mr. C. J. Venugopal, IAS was withdrawn from the Board as Director and Chairman by IPICOL with effect from 03.10.2012. Mr. M. A. Khan was withdrawn from the Board as Director by TRFI with effect from 10.01.2013. Mr. S. N. Nayak resigned as Director from the Board having been withdrawn as Director on the Board by IPICOL vide letter dated 10.05.2013.

Your Directors place on record its deep appreciation of the valuable guidance and services of Mr. C. J. Venugopal, IAS as Director cum Chairman, Mr. M. A. Khan and Mr. S. N. Nayak as Directors during their tenure of office.

Mr. S. K. Khetan and Mr. B. K. Sarkar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re appointment. Dr. P. K. Mohanty was re appointed as Vice Chairman and Managing Director by the Board for a period of three years with effect from 23.06.2013 subject to all necessary approvals.

Mr. Munir Mohanty was re appointed as Whole-time Director by the Board for a period of five years with effect from 31.05.2013 subject to all necessary approvals.

Proposal for re appointment of Dr. P. K. Mohanty as Vice Chairman and Managing Director and Mr. Munir Mohanty as Whole-time Director are included in the Notice of the ensuing Annual General Meeting for the approval of Shareholders.

Your Directors recommend all the appointments and re appointments as mentioned above for approval of the Shareholders.

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

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as amended are set out in Annexure, which forms part of this Report.

## **Particulars of Employees**

There were no employees drawing the requisite remuneration whose names are required to be disclosed as required under sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time.

## **Industrial Relations**

The Company was constrained to declare lockout of its plant with effect from 14.10.2012 following illegal strike by the Workers Union with effect from 12.10.2012, which is still continuing. Deliberations and negotiations are going on with the Union for arriving at an amicable settlement soon.

## **Directors' Responsibility Statement**

In accordance with the provisions of sub-section 2AA of Section 217 of the Companies Act, 1956, your Directors state that:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) Accounting policies selected are applied consistently. Judgments and estimates that are reasonable and prudent are made, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2013 and of the Profit/ Loss of the Company for the year ended on that date.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Accounts for the financial year ended 31st March, 2013 have been prepared on a 'going concern' basis.

## **Auditors**

The Statutory Auditors, M/s L. N. More & Co., Chartered Accountants, Cuttack, will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Audit Committee and the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval. The Company has received confirmation that their appointment will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

## **Auditors' Report**

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

## **Cost Auditors**

Pursuant to the provision of Section 233B of the Companies Act, 1956 and The Companies (Cost Accounting Records) Rules, 2011, M/s. B. Ray & Associates, Cost Accountants, Kolkata has been re-appointed as Cost Auditor of the Company for the year 2013-14 to conduct audit of cost records maintained by the Company.

## **Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the following documents form part of the Annual Report:

- (i) Management Discussion and Analysis
- (ii) Report on Corporate Governance along with Certificate for compliance of conditions of Corporate Governance
- (iii) Vice-Chairman & Managing Director's declaration regarding compliance of code of conduct by board members and senior management personnel.

## **Acknowledgement and Appreciation**

The Directors acknowledge with gratitude the co-operation extended by Indian Renewable Energy Development Agency Ltd. (IREDA), Banks, State Government, Suppliers, Customers and Shareholders and solicit their continued support. The Directors also wish to place on record their sincere appreciation of the dedicated services put in by the Company's workers, staff and executives under difficult conditions.

For and on behalf of the Board

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

Place: Bhubaneswar

Dated: 13th August, 2013

## ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

### A. Conservation of energy

(a) Energy conservation measures taken:

- (i) Power is generated by utilizing the off-gas of the Sponge Iron Plants.
- (ii) Coal dryer operation using HSD/FO as fuel has stopped after erection of four nos. coal storage sheds.

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

The following energy saving proposals have been envisaged with additional investments of ₹ 50 lacs (approx) and these are being implemented which will reduce energy to the tune of 15 to 20% in these areas.

- (i) Modification of compressed air distribution system to minimize system loss and decentralization of compressors for bag houses of dust collecting system and bag stitching operation. This will help to reduce generation pressure of HP & LP compressors thereby reducing energy substantially.
- (ii) Replacement of impellers and phasing out of inefficient pumps and downsizing of water pumping operation as per process requirement will help to reduce electrical energy.
- (iii) Similarly initiating voltage & current control for lighting system and installation of energy efficient luminaries in plant and township will result in reduction of electrical energy.
- iv) Further some additional variable speed drives for fans will also help to reduce electrical energy substantially.

The above plans will improve electric energy saving and improvement in utilization of waste coal fines and coal char in the boilers to generate electric power.

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

- (i) Improved utilization of waste heat and waste coal fines and coal char for power generation will improve the total power availability for production as well as generate surplus for sale.
- (ii) Reduction in cost of production of Sponge Iron & Billet.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of industries specified in the Schedule thereto.

### Total energy consumption per unit of Production in Form A:

#### A. Power & Fuel Consumption:

(1) Electricity	2012-13	2011-12
(a) Purchased unit (KWH):	935,280	1,344,360
Total Amounts ( ₹ )	11,833,605	14,273,348
Rate / Unit ( ₹ )	12.65	10.62
(b) Own Generation		
(i) Through diesel generator:		
Units (KWH)	64,080	68,769
Units per ltr. of Diesel Oil	3.818	2.645
Cost / unit ( ₹ )	11.648	16.27
(ii) Through steam Turbine/generator: (Power Plant)		
Units (KWH)	11,950,647	36,564,722
Units per ltr. of Diesel Oil	NA	NA
Cost / unit ( ₹ )	4.78	5.01
(2) Coal		
For Sponge Iron		
Quantity (MT)	27,167	84,995
Total Cost ( ₹ )	92,801,185	333,475,423
Average Rate ( ₹ per MT)	3,416	3,923
For Power Plant		
Quantity (MT)	12,584	35,501
Total Cost ( ₹ )	15,100,800	36,352,800
Average Rate ( ₹ per MT)	1,200	1024
(3) Furnace Oil		
Quantity (k. ltrs.)	NIL	NIL
Total Amount ( ₹ )	NIL	NIL
Average rate ( ₹ )	NIL	NIL
(4) Other / Internal Generation		
Quantity	NIL	NIL
Total Cost ( ₹ )	NIL	NIL
Rate / unit ( ₹ )	NIL	NIL

# Orissa Sponge Iron & Steel Limited

	2012-13	2011-12
<b>B. Consumption per unit of Production</b>		
<b>Products:</b>		
Sponge Iron (MT)	12430	42872
Steel Billets (MT)	NIL	6778
<b>Electricity (KWH)</b>		
For Sponge Iron	195	187
For Steel Billets	NIL	1064
<b>Steam Coal (MT)</b>		
For Sponge Iron	2.185	1.983
<b>B. Technology Absorption:</b>		
(e) Efforts made in technology absorption as per Form B of the Annexure of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:		
<b>Disclosure of particulars with respect to absorption in Form B</b>		
<b>Research and Development (R &amp; D)</b>		
1. Specify areas in which R & D carried out by the Company	:	NIL
2. Benefit derived as a result of the above R & D	:	Does not arise
3. Future plan of action	:	Not yet decided
4. Expenditure on R & D (₹ in lacs):		
(a) Capital	:	NIL
(b) Recurring	:	NIL
(c) Total	:	NIL
(d) Total R & D expenditure as a percentage of total turnover	:	NIL
<b>Technology absorption, adaptation &amp; innovation</b>		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation:		
The Company has adopted and absorbed its own patented technology for producing coal based sponge iron known as “OSIL PROCESS”. This process has also been adopted by many Companies such as Usha Martin Ltd., (a World Bank and German Development Bank funded project), M/s. Patnaik Steels and Alloys Pvt. Ltd., M/s. Rathi Steel and Power Ltd., M/s. Super Smelter Ltd. and many other Companies are negotiating for adopting the technology.		
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :		
The Companies who have adopted the technology are producing quality sponge iron accepted by the user industry as a premium product. The technology uses high ash indigenous coal thereby saving outgo of foreign exchange by avoiding import of high quality coal.		
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:		
(a) Technology imported	:	NIL
(b) Year of import	:	N.A.
(c) Has technology been fully absorbed?	:	N.A.
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	:	N.A.
<b>C. Foreign Exchange Earnings and outgo:</b>		
(f) (a) Activities relating to exports	:	NIL
(b) Initiatives taken to increase exports	:	NIL
(c) Development of new export markets for product and services	:	NIL
(d) Export plans	:	Not yet decided
(g) Total foreign exchange used and earned.		
	<b>2012-13</b>	<b>2011-12</b>
	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
(1) Foreign Exchange earnings	<b>NIL</b>	<b>NIL</b>
(2) Foreign Exchange outgo	<b>NIL</b>	<b>NIL</b>

# Orissa Sponge Iron & Steel Limited

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### i) Industry structure and developments:

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

### ii) Opportunities and Threats:

#### Opportunities:

The Company has received Stage I Clearance from the Ministry of Environment and Forest (MOEF) in June, 2013 for the Iron Ore mines allotted to the Company and hopes to commence mining in approximately 18 months. Availability of Iron ore from own mines will permit sponge production cost effective and also allow the Company to expand capacity to one million tonnes of steel making per year.

#### Threats:

Cost of iron ore and coal i.e. the basic raw material has a direct impact on the profitability. Iron Ore price of the required grade has become un-remunerative and availability has suffered to a great extent due to various restrictions imposed by the authorities. Coal India's new coal distribution policy has disrupted coal linkages forcing producers to procure more e-auction coal and use imported coal. Coal India has also increased the price of coal substantially.

### iii) Segment-wise or product-wise performance:

The Company's business activities falls within a single primary business segment viz. "Iron & Steel" in accordance with the Accounting Standard 17. During the year the Company produced 12,430 MT of Sponge Iron, NIL MT of Steel Billet and 11,950,647 KWH Power compared to 42,872 MT of Sponge Iron, 6,778 MT of Billet and 36,564,722 KWH of Power respectively in the previous year. The Company generated a total revenue of ₹ 3,809 lacs compared to ₹ 10,055 lacs in the previous year.

### iv) Outlook:

Company's goal is to stabilize plant operations by utilizing iron ore from its own mines and then go on to set up the project for production of one million tonne of steel.

### v) Risks and concerns:

Sponge Iron industry is compelled to operate where basic raw material prices i.e. iron ore and coal are dictated. This totally shatters the cost effectiveness and the industry operates under a razor thin margin or with no or negative margin. Price of sponge iron is sensitive to demand supply position of steel scrap and selling prices of long products. Contingent liabilities have been disclosed under Note No.30 of Notes on Financial Statements.

### vi) Internal control system and its adequacy:

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

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

Financial performance of the Company suffered to a great extent due to insufficient availability of the required grade and quantity of raw materials i.e. iron ore and coal and also because of un-remunerative selling prices of the finished products, which led to poor capacity utilization viz. Sponge Iron 4.97 % (17.15 %), Steel Billet NIL (6.78 %). Consequently total income reduced from ₹ 10,055 lacs in 2011-12 to ₹ 3,809 lacs in this year. Loss after tax this year amounted to ₹ 4,997 lacs as compared to ₹ 6,527 lacs in 2011-12. Out of 11,950,647 KWH of power produced by the Company (36,564,722 KWH in 2011-12) the Company could sell 6,069,220 KWH of Power (13,795,900 KWH in 2011-12) generating a revenue of ₹ 165 lacs (₹ 365 lacs in 2011-12). Deferred Tax Assets of ₹ 1,748 lacs has been considered in the Annual Accounts (₹ 1,847 lacs in 2011-12) as sufficient taxable profit in future years is envisaged.

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

The Company had 615 employees as on 31.03.2013 as compared to 662 as on 31.03.2012. A number of training programme were conducted to develop human resources. Safety standards are maintained at every stage of manufacturing, production and maintenance.

The Company was constrained to declare lockout of its plant with effect from 14.10.2012 following illegal strike by the Workers Union with effect from 12.10.2012, which is still continuing. Deliberations and negotiations are going on with the Union for arriving at an amicable settlement soon.

### ix) Cautionary statement:

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

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Code of Corporate Governance:

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

### 2. Board of Directors:

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

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement) across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

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

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

Name of Directors	Category	Attendance in Board Meeting	Whether attended the last AGM held on 14th Sept. 2012	Directorship in other Public Limited Companies #	No. of Membership / Chairmanship of the Committees held in other Public Limited Companies #
1. Mr. C. J. Venugopal, IAS <sup>1</sup>	Non Executive & Chairman (IPICOL Nominee)	2	No	4	-
2. Mr. G. Mathi Vathanan, IAS <sup>2</sup>	Non Executive & Chairman (IPICOL Nominee)	3	No	4	-
3. Dr. P. K. Mohanty	Vice Chairman and Managing Director (TRFI Nominee)	5	Yes	8	-
4. Mr. P. C. Mohanty	Non Executive (IPICOL Nominee)	4	No	-	-
5. Mr. S. N. Nayak <sup>3</sup>	Non Executive (IPICOL Nominee)	3	Yes	-	-
6. Mr. B. K. Sarkar	Non Executive (Independent)	3	No	-	-
7. Mr. S. K. Khetan	Non Executive (Independent)	-	No	4	-
8. Mr. M. A. Khan <sup>4</sup>	Non Executive (TRFI Nominee)	3	No	2	-
9. Mr. M. Mohanty	Executive Director (TRFI Nominee)	5	Yes	6	-
10. Mr. A. K. Mukherjee <sup>5</sup>	Non Executive (Independent)	4	No	2	1
11. Mr. S. H. Gupta <sup>6</sup>	Non Executive (TRFI Nominee)	-	No	-	-

1. Mr. C. J. Venugopal, IAS, retired from the Board on 03.10.2012. During his tenure two Board Meetings were held which he attended.

2. Mr. G. Mathi Vathanan, IAS, was nominated w.e.f. 03.10.2012 in place of Mr. C. J. Venugopal, IAS. Since his appointment three Board Meetings were held, which he attended.

3. Mr. S. N. Nayak retired from the Board w.e.f. 10.05.2013. During his tenure five Board Meetings were held.

4. Mr. M. A. Khan retired from the Board w.e.f. 10.01.2013. During his tenure four Board Meetings were held.

5. Mr. A. K. Mukherjee joined the Board on 04.08.2012. Since his appointment four Board Meetings were held which he attended.

6. Mr. S. H. Gupta was appointed w.e.f. 10.01.2013 in place of Mr. M. A. Khan. Since his appointment one Board Meeting was held, which he could not attend.

# Number of Directorships/Memberships held in other companies excludes Directorship/Membership in private limited companies, foreign companies, membership of various committees of various chambers/bodies and Companies under Section 25 of the Companies Act, 1956 and Alternate Directorship whereas the Membership or Chairmanship of any Committee includes Audit Committee and Shareholders'/Investors' Grievance Committees only.

➤ Dr. P. K. Mohanty and Mr. Munir Mohanty are related to each other.

➤ All the Directors are above 21 years of age.

➤ The information as desired under Annexure IA to Clause 49 is reported periodically to the Board.

## Orissa Sponge Iron & Steel Limited

- Details of Directors seeking appointment / re-appointment in 33rd Annual General Meeting are given in the Annexure to the Notice of the Annual General Meeting.

(B) No. of Board Meeting held during the year : 5

Details of Board Meeting held during the financial year 2012-2013 :

Sl. No.	Date	Board Strength	No. of Directors present
1.	05.05.2012	8	7
2.	04.08.2012	9	6
3.	09.11.2012	9	8
4.	10.01.2013	9	6
5.	14.02.2013 Meeting adjourned and subsequently held on 21.02.2013	9	5

The time gap between any two meetings did not exceed maximum time gap of four months.

### 3. Audit Committee:

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with Stock Exchanges and other relevant statutory / regulatory provisions besides other terms as referred by the Board of Directors which include review of Financial Results, Audit Reports, Internal Control System & Procedures, reviewing concerned issues with Internal Auditor and Statutory Auditors. During the Financial Year 2012-2013, five meetings of the Audit Committee were held on 04.05.2012, 14.07.2012, 31.07.2012, 08.11.2012 and 09.02.2013.

Mr. S. K. Khetan is the Chairman of the Audit Committee. If the Chairman is not present, the Committee elects the Chairman to preside over the meeting.

The composition of the Audit Committee and the attendance at the meeting held during the year is given below:

Name of the Director	Category	No. of Audit Committee Meeting held	No. of Audit Committee Meeting Attended
Mr. B. K. Sarkar	Non Executive & Independent	5	3
Mr. S. K. Khetan	Non Executive & Independent	5	4
Mr. S. N. Nayak	Non Executive	5	4

The Audit Committee has been reconstituted by the Board at the Board Meeting held on 13th May, 2013, on resignation of Mr. S. N. Nayak from the Committee. Mr. P. C. Mohanty and Mr. A. K. Mukherjee were appointed by the Board as new members of the Audit Committee.

### 4. Remuneration Committee:

The Company has a Remuneration Committee. The broad terms of reference of the Remuneration Committee are to recommend to the Board appointment/reappointment of Managing/Whole-time Directors and salary, perquisites and commission to be paid to them etc. along with evaluation of the remuneration policy of the Company. Mr. S. K. Khetan is the Chairman of the Remuneration Committee. No meeting of the Committee was held during the year 2012-2013.

The composition of the Remuneration Committee was as under:

Name of the Director	Category
Mr. B. K. Sarkar	Non Executive & Independent
Mr. S. K. Khetan	Non Executive & Independent
Mr. S. N. Nayak	Non Executive

Mr. S. K. Khetan is the Chairman of the Remuneration Committee.

The Remuneration Committee was reconstituted by the Board at their meeting held on 13th May, 2013, on resignation of Mr. S. N. Nayak from the Committee. Mr. P. C. Mohanty and Mr. A. K. Mukherjee were appointed by the Board as new members of the Remuneration Committee.

### 5. Ethics Committee:

In accordance with the Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. No meeting of the Committee was held during the year 2012-2013.

The composition of the Ethics Committee was as under:

Name of the Director	Category
Mr. B. K. Sarkar	Non Executive & Independent
Mr. S. K. Khetan	Non Executive & Independent
Mr. S. N. Nayak	Non Executive

Mr. S. K. Khetan is the Chairman of the Ethics Committee.

The Ethics Committee was reconstituted at the Board Meeting held on 13th May, 2013, on resignation of Mr. S. N. Nayak. Mr. P. C. Mohanty and Mr. A. K. Mukherjee were appointed by the Board as new members of the Ethics Committee.

# Orissa Sponge Iron & Steel Limited

## 6. Shareholders' / Investors' Grievance Committee:

Shareholders' / Investors' Grievance Committee looks after the redressal of investors' complaints as well as share transfers. Shareholders' / Investors' Grievance Committee held four meetings during the financial year 2012-2013 on 04.05.2012, 14.07.2012, 08.11.2012 and on 30.03.2013.

The composition of the Shareholders' / Investors' Grievance Committee and the attendance of each committee member are as under (2012-13)

Name of the Director	Category	No. of Committee Meeting held	No. of Committee Meeting Attended
Mr. B. K. Sarkar	Non Executive & Independent	4	4
Mr. M. Mohanty	Member	4	4

Mr. B. K. Sarkar is the Chairman of the Shareholders' / Investors' Grievance Committee.

## 7. Payment to Directors:

The Directors of the Company excluding Whole-time Directors have been paid sitting fees for attending meetings of the Board of Directors and Committee of Directors. The details of the payment made to the Directors during the financial year 2012-2013 are as follows:

Name of the Director	Executive / Non- Executive	Sitting Fees ( ₹ )	Remuneration ( ₹ )
Mr. C. J. Venugopal, IAS*	Non Executive	20,000	–
Mr. G. Mathi Vathanan IAS*	Non Executive	30,000	–
Mr. P. C. Mohanty*	Non Executive	40,000	–
Mr. S. N. Nayak*	Non Executive	70,000	–
Mr. B. K. Sarkar	Non Executive	72,000	–
Mr. S. K. Khetan	Non Executive	40,000	–
Mr. M. A. Khan**	Non Executive	30,000	–
Mr. A. K. Mukherjee	Non Executive	40,000	–
Mr. S. H. Gupta	Non Executive	–	–
Dr. P. K. Mohanty	Executive	–	72,888
Mr. M. Mohanty	Executive	–	12,10,390

\* Being IPICOL Nominees, sitting fees are paid to IPICOL.

\*\* Mr. M. A. Khan being TRFI Nominee, his sitting fees are paid to TRFI.

## Compliance Officer

Name : Mr. S. Ramakrishnan  
 Designation : CFO & Company Secretary  
 Address : CIC Building, 11th Floor, 33A Jawaharlal Nehru Road, Kolkata - 700 071  
 Phone No. : 033-22883910-16  
 Fax No. : 033-22267470  
 E-mail : calosil@cal.vsnl.net.in

## 8. Shareholder's Complaints

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

Type of Complaints	Number of Complaints
Non-Receipt of Dividend Warrant	2
Non-Receipt of Bonus Share Certificates	1
Non-Receipt of Annual Report	1
Complain relating to Open offer	1
Complain Relating to Other category	1

## 9. General Body Meetings:

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

Year	Type	Location	Date	Time	No. of Special Resolutions
2010-11	30th AGM	Bhubaneswar	21.12.2010	3.30 p.m.	–
2011-12	31st AGM	Bhubaneswar	23.12.2011	10.00 a.m.	–
2012-13	32nd AGM	Bhubaneswar	14.09.2012	10.00 a.m.	–
2012-13	EGM	Bhubaneswar	09.11.2012	11.00 a.m.	–

No postal ballot was conducted during the financial year 2012-13. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by postal ballot.

# Orissa Sponge Iron & Steel Limited

## 10. Disclosures:

- (a) Related party disclosure:  
The particulars of transactions between the Company and related parties as per the Accounting Standards are mentioned separately in Note No. 36 of the Notes to the Financial Statement. However these transactions are not likely to have any conflict with the Company's business interest.
- (b) Disclosure of Accounting Treatment:  
The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India have been followed in preparation of the financial statements of the Company as far as practicable.
- (c) Matters relating to Stock Exchange, SEBI, Capital Market:  
No strictures or penalties have been imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India (SEBI) or any other regulatory body on any matter relating to capital markets in the last three years except in the year 2010-2011. In 2010-2011 the Company has paid penalty for violation of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992.
- (d) Compliance of mandatory requirements and adoption of non mandatory requirements:  
The Company has complied with all the mandatory and non mandatory requirements of the Clause 49 of the Listing Agreement. However in respect of training of Board Members and Whistle Blowers Policy, forming part of the non mandatory requirements, the Company is examining the formulation of the methodology which on completion would be submitted to the Board.

## 11. Means of Communication:

The quarterly financial results are published in Mint (Kolkata & Mumbai Edition) in English and in Utkal Mail in Oriya. The financial results are also uploaded in the Company's website [www.orissasponge.com](http://www.orissasponge.com) for the information of shareholders and public at large. The website is updated from time to time to incorporate therein the details as required by Clause 54 of the Listing Agreement with the Stock Exchange.

## 12. General Shareholder information:

- (a) 33rd Annual General Meeting: Day : Friday  
Date : 27.09.2013  
Time : 11.00 a.m.  
Venue : Hotel Swosti, Bhubaneswar
- (b) Financial Calendar for 2013-14 (Tentative)  
Financial Year April 1, 2013 to March 31, 2014  
Board Meeting for unaudited financial results for the quarter ending 30th June, 2013 – 2nd Week of August, 2013  
Board Meeting for unaudited financial results for the quarter ending 30th September, 2013 – 2nd Week of November, 2013  
Board Meeting for unaudited financial results for the quarter ending 31st December, 2013 – 2nd Week of February, 2014  
Board Meeting for audited financial results for the quarter and year ending 31st March, 2014 – Last Week of May, 2014
- (c) Annual Accounts 2013-2014 September, 2014
- (d) Date of Book Closure 20.09.2013 to 27.09.2013 (both days inclusive)
- (e) Listing on Stock Exchange (i) Bombay Stock Exchange  
(ii) Bhubaneswar Stock Exchange  
(iii) Calcutta Stock Exchange (applied for de-listing)  
(iv) National Stock Exchange (applied for listing)
- (f) Stock Code Bombay Stock Exchange-504864  
Bhubaneswar Stock Exchange-OSI  
Calcutta Stock Exchange-10025083
- (g) Demat ISIN Number in NSDL & CDSL for Equity Shares-INE 228D01013
- (h) Website The Company has a website [www.orissasponge.com](http://www.orissasponge.com) which is updated from time to time to incorporate therein the details as required by Clause 54 of the Listing Agreement with the Stock Exchange.
- (i) Stock Market Data:

Bombay Stock Exchange		
Month	High Price ( ₹ )	Low Price ( ₹ )
April 2012	377.70	310.15
May 2012	370.00	330.60
June 2012	379.20	340.15
July 2012	392.00	250.00
August 2012	272.00	222.05
September 2012	278.95	216.45
October 2012	221.95	127.00
November 2012	205.00	121.15
December 2012	160.00	130.00
January 2013	150.00	119.05
February 2013	132.30	110.00
March 2013	110.00	66.35



## Orissa Sponge Iron & Steel Limited

(j) Registrar and Transfer Agents:

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

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

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

(k) Share Transfer System:

The Company has retained M/s. Link Intime India Pvt. Ltd. to carry out the transfer related activities. Share Transfer requests valid and complete in all respects as well as valid requests for demat of shares are processed within stipulated dates. In case of electronic transfers, the bye laws of Depositories are complied with.

(l) Distribution of share holdings as on 31.03.2013:

No. of Shareholding	Shareholders		Total Share	
	Number	% to total	Number	% to total
1 to 100	3440	60.52	136311	0.50
101 to 500	1884	33.15	363738	1.35
501 to 1000	196	3.45	144970	0.54
1001 to 2000	94	1.65	128741	0.48
2001 to 3000	22	0.39	54103	0.20
3001 to 4000	7	0.12	24695	0.09
4001 to 5000	6	0.11	26642	0.10
5001 to 10000	7	0.12	51547	0.19
10001 & above	28	0.49	26069253	96.55
<b>TOTAL</b>	<b>5684</b>	<b>100.00</b>	<b>27000000</b>	<b>100.00</b>

Shareholding pattern as on 31.03.2013:

	No. of Shares	Holding %
Promoter & Promoter Group	84,42,933*	31.27
Public		
– Financial Institutions (Indian & Foreign) & Mutual Funds	17,067	0.06
– Non Institutions	1,85,40,000	68.67
<b>T o t a l :</b>	<b>2,70,00,000</b>	<b>100.00</b>

\* Out of the above, rights relating to 30,00,000 equity shares are sub judice.

(m) Shares held by Non-Executive Directors:

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

(n) Subsidiary Company:

The Company has only one subsidiary Company namely, 'Bamra Iron & Steel Company (India) Ltd.' which has not yet started any substantial activity.

(o) Proceeds from public issues, right issues, preferential issues etc.:

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

(p) Dematerialization of Shares:

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

To process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares the shareholders should open a demat account with Depository Participant (DP). The shareholders are required to fill in a Demat Request form and submit the same along with original share certificates to his DP. The DP will allocate a demat request number and shall forward the request physically and electronically through NSDL / CDSL to Registrar & Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of the shares is given in the account of the shareholders.

As on 31st March, 2013, 2,35,59,506 shares were held in dematerialized form which constitute 87.26 % of total number of subscribed shares.

(q) Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity : Not Applicable

13. Key Locations of the Company with the activities carried on:

**Registered Office and Project & Engineering Office:**

OSIL House, Gangadhar Meher Marg, Bhubaneswar 751024. Phone: 0674-3016500 to 503 Fax: 0674-3016505/535.

E-mail: orisponge@gmail.com.

This office provides project & engineering services to the Company and other customers.

# Orissa Sponge Iron & Steel Limited

## **Plant:**

P.O.: Palaspanga, District - Keonjhar 758031, Odisha, Phone: 06766-235223/225/227/229, Fax: 06766-235205  
E-mail: osilsite.2009@rediffmail.com

The manufacturing facility is situated here and is headed by the Chief Executive Officer.

## **Delhi Office:**

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

This office carries out liaison work.

## **Corporate Office:**

CIC Building, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700071, Phone: 033-22263114, 22262636, 22266442, 22887336, 22883910 to 3916 Fax : 033-22267470. E-mail: calosil@cal.vsnl.net.in, **Website : www.orissasponge.com**

This office is center of Corporate activities having the offices of Vice Chairman and Managing Director; a Whole time Director; Chief Executive (Corporate Affairs) and CFO & Company Secretary.

## **14. Additional Information (Non Mandatory)**

### **i) Code of Conduct:**

Company has always encouraged and supported compliance to ethical business practices in personal and corporate behavior by its employees. Company in order to further strengthen corporate governance practices has framed a specific code of conduct, for the members of the Board of Directors and senior Management personnel of the Company, who have affirmed compliance thereof. A declaration to this effect signed by Vice-Chairman & Managing Director of the Company is annexed to this report.

### **ii) Risk Management:**

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

### **iii) Reconciliation of Share Capital Audit:**

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

### **iv) Management Discussion and Analysis:**

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

### **v) Certificate on Corporate governance:**

Compliance of Corporate Governance by the Company as stipulated in Clause 49 of the Listing Agreement is examined and reviewed by M/s. A. K. Labh & Co., Company Secretaries, 40, Weston Street, 3rd Floor, Kolkata - 700013 and his report is annexed.

### **vi) CEO/CFO Certificate:**

A Certificate duly signed by the Vice-Chairman & Managing Director and CFO relating to financial statements and Internal Control Systems for financial reporting, accounting policy etc. for the year ended 31.03.2013 as per Clause 49 of the Listing Agreement was placed before the Board and the same was taken on record.

### **vii) Compliance by Company Secretary:**

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the Meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules and Regulations issued there under and to the extent feasible and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

### **viii) Cautionary Statement:**

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

### **ix) Certificate:**

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

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

Mr. S. Ramakrishnan, CFO & Company Secretary, Orissa Sponge Iron & Steel Limited, CIC Building, 11th Floor, 33A Jawahar Lal Nehru Road, Kolkata - 700071, Phone : 033-22883910-16, Fax : 033-22267470, E-mail : calosil@cal.vsnl.net.in

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## **Certificate of Compliance of the Code of Conduct of the Company**

The Members of  
**Orissa Sponge Iron & Steel Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct framed by the Company.

Place: Bhubaneswar  
Dated: 13th August, 2013

Dr. P. K. Mohanty  
Vice Chairman & Managing Director

**Certificate on Compliance with the conditions of  
Corporate Governance under clause 49 of the Listing Agreement (s)**

To

**The members of Orissa Sponge Iron & Steel Limited**

We have examined the compliance of conditions of Corporate Governance by Orissa Sponge Iron & Steel Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We have been explained that no investor grievances are pending for a period exceeding one month as at 31st March, 2013 against the Company.

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

**For A. K. Labh & Company**  
Company Secretaries

A. K. Labh  
Proprietor  
C.P. 3238

Place: Kolkata

Dated: 13th August, 2013

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**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF ORISSA SPONGE IRON & STEEL LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying financial statements of Orissa Sponge Iron & Steel Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. 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 the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
  - (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date and
  - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

# Orissa Sponge Iron & Steel Limited

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditors Report), (Amendment) 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (here in under referred to as the "order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
8. As required by Section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account,
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3c) of the Act,
  - e) On the basis of the written representations received from the directors as on March 31, 2013, taken on the record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For L. N. More & Company**  
Chartered Accountants  
FRN 307042E

L. N. More  
Partner

Membership No. 011485

Place: Bhubaneswar  
Dated: 13th August, 2013

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## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Orissa Sponge Iron & Steel Limited ("the Company") on the financial statements for the year ended 31st March, 2013.

We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets,  
(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the current year and no material discrepancies were noticed upon such verification.  
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of such physical verification is reasonable.  
(b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noted on physical verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from Companies, Firms or other parties in the register pursuant to the Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of inventory and fixed assets and with regard to sale of goods and services.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under the section.  
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs.5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits under the provisions of section 58(A) and 58(AA) of the Act, and the Rules framed there under.
7. In our opinion the Company has an Internal Audit System commensurate with the size and nature of the business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However we have not made a detailed examination of such records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues are generally deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of investor education and protection fund.

## Orissa Sponge Iron & Steel Limited

- (b) According to the information and explanations given to us, details of dues of Income Tax, Sales Tax, Service tax, Customs duty, Excise Duty and Cess which have not been deposited as at 31st March, 2013 on account of any dispute are given below:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Forum where Dispute is pending
Income Tax Act, 1961	Tax Demand under appeal for Assessment Year 2006-2007	3.27	Petition u/s 154 before Assessing Authority
Central Sales Tax Act, 1956	Non-collection of declaration forms and enhanced assessment & penalty	2,495.87	Sales Tax Appellate Authorities
Orissa Sales Tax Act, 1947	Enhanced Assessment & Penalty	634.79	Sales Tax Appellate Authorities
Central Excise Act, 1944	Disputed Central Excise demand	155.33	Commissioner of Appeals, Central Excise

10. The Company has accumulated losses at the end of the financial year which are more than fifty percent of its net worth. It has incurred cash losses in the current financial year and the year immediately preceding financial year.
11. The Company has defaulted in repayment of dues to its bankers and financial institutions as on 31st March, 2013 as detailed below :-

Bank / Financial Institution	Amount of Default (₹ in lacs)	Default has started since
<b>Term Loan</b>		
a) State Bank of India	3,600.00 Principal	January 2011
	1,502.74 Interest	April 2011
b) State Bank of Bikaner & Jaipur	950.00 Principal	March 2011
	514.31 Interest	April 2011
c) Punjab National Bank	456.18 Principal	October 2011
	538.93 Interest	August 2011
d) Bank of India	6.38 Interest	November 2012
e) Indian Renewable Energy Development Agency Ltd. (IREDA)	1,114.05 Principal	June 2011
	1,173.92 Interest	June 2011
<b>Cash Credit (excluding interest not charged by Bank)</b>		
f) State Bank of India	6,668.53 Balance outstanding as on 31.03.2013	April 2011
g) State Bank of Bikaner & Jaipur	855.91 Balance outstanding as on 31.03.2013	July 2011
h) Bank of India	564.75 Balance outstanding as on 31.03.2013	March 2013

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantee for loans taken by associated companies from banks or financial institutions, terms and conditions whereof are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanation given to us, the term loan taken by the Company during the year have been applied for the purpose for which it was raised.
17. According to the information and explanations given to us and on an overall examination of the balance Sheet of the Company, we are of the opinion that the funds raised during the year on short term basis have not been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not raised any money by issue of shares during the year.
20. According to the information and explanations given to us, the Company has not issued debentures during the year.
21. During the course of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year; nor have we been informed of any such case by the management.

**For L. N. More & Company**  
Chartered Accountants  
FRN 307042E

L. N. More  
Partner  
Membership No. 011485

Place: Bhubaneswar  
Dated: 13th August, 2013

# Orissa Sponge Iron & Steel Limited

## BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	31st Mar, 2013 ₹/ lacs	31st Mar, 2012 ₹ / lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	2,700.00	2,700.00
Reserves & Surplus	4	869.35	5,942.86
Money received against Share Warrants	5	601.50	601.50
		<u>4,170.85</u>	<u>9,244.36</u>
<b>Non-current liabilities</b>			
Long-term Borrowings	6	5,042.87	6,632.02
Long-term Provisions	7	132.73	155.14
		<u>5,175.60</u>	<u>6,787.16</u>
<b>Current Liabilities</b>			
Short-term Borrowings	8	8,157.54	8,014.95
Trade Payables	9	2,576.55	3,581.85
Other Current Liabilities	9	14,274.84	10,692.01
Short-term Provisions	7	5,757.57	3,016.08
		<u>30,766.50</u>	<u>25,304.89</u>
<b>TOTAL</b>		<u><u>40,112.95</u></u>	<u><u>41,336.41</u></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	10	21,510.12	21,661.12
Intangible Assets	10A	217.84	199.23
Capital Work-in-Progress	10	3,534.26	4,640.06
Non-current Investments	11	477.22	477.22
Deferred Tax Assets (Net)	12	8,269.09	6,521.58
Long-term Loans and Advances	13	1,384.50	1,261.32
		<u>35,393.03</u>	<u>34,760.53</u>
<b>Current Assets</b>			
Current Investments	14	14.12	14.67
Inventories	15	3,228.31	4,062.95
Trade Receivables	16	229.00	502.38
Cash and Cash Equivalents	17	312.45	263.14
Short-term Loans and Advances	13	936.04	1,732.74
		<u>4,719.92</u>	<u>6,575.88</u>
<b>TOTAL</b>		<u><u>40,112.95</u></u>	<u><u>41,336.41</u></u>
Significant Accounting Policies			
Notes on Financial Statements	1 to 38		

See accompanying Notes forming an integral part of the Financial Statements.

In terms of our annexed report of even date.

For **L. N. MORE & CO.**  
Chartered Accountants  
FRN 307042E

**L. N. MORE**  
Partner  
Membership No. 011485  
Place: Bhubaneswar  
Dated: 13th August, 2013

**S. Ramakrishnan**  
CFO & Company Secretary

For and on behalf of the Board  
**A. K. Mukherjee**, Director  
**P. C. Mohanty**, Director  
**Munir Mohanty**, Director  
**Dr. P. K. Mohanty**, Vice Chairman  
& Managing Director

# Orissa Sponge Iron & Steel Limited

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes No.	2012-2013 ₹ / lacs	2011-2012 ₹ / lacs
<b>INCOME</b>			
Revenue from Operations	18	3,649.31	9,878.88
Other Income	19	159.42	176.74
<b>Total Revenue</b>		<b>3,808.73</b>	<b>10,055.62</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	20	1,674.33	8,015.85
Change in inventories of finished goods	21	863.89	832.63
Employees Benefit Expenses	22	1,808.69	2,439.29
Finance Cost	23	3,768.36	3,232.64
Depreciation & Amortisation Expenses	24	1,478.20	1,218.07
Other Expenses	25	959.82	1,969.16
<b>Total Expenses</b>		<b>10,553.29</b>	<b>17,707.64</b>
(Loss) before exceptional and extraordinary items and tax		(6,744.56)	(7,652.02)
Exceptional items		–	530.91
(Loss) for the year before tax		(6,744.56)	(8,182.93)
Tax Expense:			
Current Tax		–	–
Tax for earlier years		–	190.79
Deferred Tax - Assets		1,747.51	1,846.98
(Loss) for the year after tax		(4,997.05)	(6,526.74)
Basic & Diluted Earning per share (₹)	34	(18.51)	(24.17)
(Face value of 10/- each			
Significant Accounting Policies			
Notes on Financial Statements	1 to 38		

See accompanying Notes forming an integral part of the Financial Statements.

In terms of our annexed report of even date.

For **L. N. MORE & CO.**  
Chartered Accountants  
FRN 307042E

**L. N. MORE**  
Partner  
Membership No. 011485  
Place: Bhubaneswar  
Dated: 13th August, 2013

**S. Ramakrishnan**  
CFO & Company Secretary

For and on behalf of the Board  
**A. K. Mukherjee**, Director  
**P. C. Mohanty**, Director  
**Munir Mohanty**, Director  
**Dr. P. K. Mohanty**, Vice Chairman  
& Managing Director

# Orissa Sponge Iron & Steel Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹ / lacs	₹ / lacs	₹ / lacs	₹ / lacs
<b>A. Cash Flow from Operating Activities</b>				
Profit/(Loss) before tax	(6,744.56)		(8,182.93)	
Adjustments for:				
Depreciation	1,478.20		1,218.07	
Exceptional items	-		530.91	
Profit/(Loss) on Sale of Fixed Assets	5.54		(5.47)	
Provision for diminution in value of investments	0.55		4.50	
Bad debts/advances written off	12.06		457.02	
Provision for doubtful advances	168.38		18.08	
Finance cost	3,768.36		3,232.64	
Operating Profit before Working Capital changes	(1,311.47)		(2,727.18)	
Change in Working Capital:				
Adjustment for (increase)/decrease in operating assets:				
Trade and other receivables	855.40		(285.71)	
Inventories	834.64		1,269.49	
Current maturities of long term debts	(1,420.61)		(2,892.66)	
Trade payable	1,493.97		5,242.19	
Cash Generated from Operation:	451.93		606.13	
Tax Paid	(16.55)		-	
Tax Refund	20.91		-	
Net Cash Flow from Operating Activities		456.29		606.13
<b>B. Cash Flow from Investing Activities</b>				
Fixed Deposit Encashed	69.83		-	
Bank balance not considered as cash & bank balance	2.32		(32.22)	
Capital expenditure on Fixed Assets	(329.78)		(822.86)	
Sale of Fixed Assets	7.78		18.41	
Net Cash Flow from Investing Activities		(249.85)		(836.67)
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from long term borrowings	86.69		101.09	
Repayment of long term borrowings	(255.23)		(201.64)	
Proceeds from short term borrowings	142.59		(567.48)	
Proceeds from Inter Corporate Deposit	350.00		-	
Payment of Bank Guarantee Invoked	(119.00)		-	
Finance cost paid	(290.03)		(294.52)	
Net Cash used in Financial Activities		(84.98)		(962.55)
<b>Net (Decrease)/Increase in Cash and cash equivalent</b>		(121.46)		(1,193.09)
<b>Cash and cash equivalent at the beginning of the year</b>		88.88		1,281.97
<b>Cash and cash equivalent at the end of the year</b>		210.34*		88.88*

\* Includes Cash on hand, balance in current and deposit accounts with banks having original maturity of three months

In terms of our annexed report of even date.

For **L. N. MORE & CO.**  
Chartered Accountants  
FRN 307042E

**L. N. MORE**  
Partner  
Membership No. 011485  
Place: Bhubaneswar  
Dated: 13th August, 2013

**S. Ramakrishnan**  
CFO & Company Secretary

For and on behalf of the Board  
**A. K. Mukherjee**, Director  
**P. C. Mohanty**, Director  
**Munir Mohanty**, Director  
**Dr. P. K. Mohanty**, Vice Chairman  
& Managing Director



# Orissa Sponge Iron & Steel Limited

## NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

### 1. CORPORATE INFORMATIONS

Orissa Sponge Iron & Steel Limited was incorporated in the year 1979. The Company established its works at Palaspanga, Dist Keonjhar, Odisha for manufacturing Sponge Iron by direct reduction method and generation of power from Waste Heat. The Company has also a manufacturing facility at Palaspanga for Steel Billet.

The Company's performance has been adversely impacted due to mismatch of the raw materials cost and sale price of sponge Iron. The viability and stability of stand alone sponge iron unit is largely dependent on availability of raw materials from captive sources.

The Company had applied for allocation of an iron ore mine which was granted by the State Government with the concurrence of Central Government in the year 2004 in accordance with the prevailing laws. As required the Company had secured approval of mining plan and other clearance such as pollution control, environment etc. However the forest clearance from the Ministry of Environment and Forest which was pending for last 8 years even after the recommendation of the State Government was finally received on 3rd June 2013. The Company hope to fulfil all terms and conditions stipulated thereon and commence mining in approximately 18 months. Use of iron ore from own mines will reduce cost by nearly 50% and allow the company to vastly improve profitability and recoup all losses.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### I. Basis of preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAPP). Financial statements comply with the applicable Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, 2006 and presentational requirement of the Companies Act, 1956.

#### II. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities and commitments on the date of financial statements and the result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### III. Revenue Recognition

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

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

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

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized on accrual basis on implicit interest rates.

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

#### IV. Tangible Assets

All tangible assets are valued at cost less depreciation. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

#### V. Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized over the useful life of the assets.

#### VI. Capital Work-in-progress

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

#### VII. Depreciation

Depreciation for the year is computed on the straight line method, as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve.

#### VIII. Investments

Investments held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value, where provision for diminution is made on individual investment basis. Current investments are carried lower of cost and fair value.

#### IX. Inventories

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

#### X. Retirement Benefits and Employee Benefits Schemes

##### a) Provident Fund:

Retirement benefit in the form of Provident Fund is a defined benefit obligation of the Company and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the respective funds are due. Shortfall in the funds, if any, is adequately provided by the Company.

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- b) **Superannuation Fund:**  
Superannuation Fund (for certain class of employees) is a defined contribution scheme. Liability and contribution in respect of Superannuation Fund of the concerned employees is accounted for as per Company's scheme and paid to the Life Insurance Corporation of India (LICI) every year. The contributions to the fund are charged in the Statement of Profit & Loss of the year. The Company does not have any other obligations to the Fund other than the contribution payable to LICI.
- c) **Gratuity Fund:**  
Gratuity Fund is a defined benefit obligation and is provided on the basis of actuarial valuation on project unit credit method at the end of each financial year. The Company has taken a policy with LICI to cover the gratuity liabilities of the employees and contribution paid to LICI is charged to the Statement of Profit & Loss. The difference between the actuarial valuation of gratuity of the employees at the year end and the balance of fund with LICI is recognized as Liability in the Books of Accounts.
- d) **Leave Encashment:**  
Short term compensated absence are provided on the basis of actuarial valuation at the year end. The actuarial valuation is as per project unit credit method.  
Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss and are not deferred.

## XI. **Research and Development**

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

## XII. **Foreign Currency Transaction**

Transactions in foreign currency are recorded initially at the exchange rate prevailing at the date of transaction. Monetary assets or liability in currencies other than the reporting currency and foreign exchange transactions remaining unsettled at the Balance Sheet date are valued at the year end exchange rate.

Exchange difference arising on the settlement of monetary items and on the re-settlement of the monetary items are recognized as income or expense in the Statement of Profit and Loss.

## XIII. **Relining Expenses**

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

## XIV. **Taxation**

### a) **Current Taxes:**

Provision for current taxes is determined on the basis of taxable income and tax credits as per provision of the Income Tax Act, 1961.

### b) **Deferred Taxes:**

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantially enacted on the Balance Sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts.

## XV. **Lease**

Where the Company is a lessee, financial leases, effectively transferred to the Company substantially, the risk and benefits incidental to the ownership of the lease item, are capitalized at the lower of the fair value and present value of the minimum lease payment at the inception of the lease starts. Lease payments are apportioned between the finance charge and deduction of the lease liability based on the implicit rate of return. Finance charges are expensed.

## XVI. **Borrowing Cost**

Borrowing Costs that are attributable to the acquisitions, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

## XVII. **Provisions and Contingent Liabilities**

A provision is recognized when it is more likely that an obligation will result in an outflow of resources. Provisions are not discounted at their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

A disclosure for a contingent liability is made where it is more likely than a present obligation or possible obligation would not result in or involve an outflow of resources.

## XVIII. **Earning per share**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the period.

Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

## XIX. **Impairment**

At each Balance Sheet date, the Company reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows (cash generation unit).

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	31st March, 2013 ₹/ lacs	31st March, 2012 ₹/ lacs
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
6,00,00,000 (6,00,00,000) Equity Shares of ₹ 10 each	6,000.00	6,000.00
2,00,00,000 (2,00,00,000) Preference Shares of ₹ 10 each	2,000.00	2,000.00
	<b>8,000.00</b>	<b>8,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
2,70,00,000 ( 2,70,00,000 ) Equity Shares of ₹ 10 each	2,700.00	2,700.00
	<b>2,700.00</b>	<b>2,700.00</b>

- 3.1 10,80,122 ( 10,80,122 ) were allotted as fully paid up bonus shares by capitalisation of share premium.  
95,98,916 ( 95,98,916 ) were issued on conversion of share warrants.  
55,00,000 ( 55,00,000 ) were allotted on preferential basis.

- 3.2 The reconciliation of Number of Shares:

	31st March, 2013		31st March, 2012	
	No. of Shares	₹/ lacs	No. of Shares	₹/ lacs
Issued, Subscribed and fully Paid up				
At the beginning of the year	27,000,000	2,700.00	27,000,000	2,700.00
Issued during the year	-	-	-	-
At the end of the year	<b>27,000,000</b>	<b>2,700.00</b>	<b>27,000,000</b>	<b>2,700.00</b>

- 3.3 Rights, Preferences and Restrictions attached to Shares:

a) Equity shares

The Company has issued Equity Shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in Annual General Meeting. In the event of liquidation of the Company the holder of the equity shares will be entitled to receive remaining assets of the Company after settlement of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

b) Preference Shares

The Company has not issued any Preference Shares. Subject to the provisions of Section 80 of the Companies Act, 1956 preference shares can be issued by the Company with the sanction of an ordinary resolution on the terms that they are, or at the option of the Company liable to be redeemed in such terms and on such manner as the Company, before the issue of the shares may, by special resolution, determine.

- 3.4 Rights attached to 30 lacs equity shares out of warrant conversion cannot be exercised as the matter is sub-judice.

- 3.5 The details of Shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
Monet Ispat & Energy Limited	8,894,633	32.94	-	-
TRFI Investment Private Limited	3,682,090	13.64	8,502,090	31.49
Bhusan Energy Limited	3,554,692	13.17	3,547,076	13.14
Dr. Prasanta Kumar Mohanty – Torsteel Research Foundation in India	3,012,089	11.16	3,012,089	11.16
Mount Everest Trading and Investments Limited	-	-	2,990,000	11.07
Industrial Promotion & Investments Corporation of Orissa Limited	1,455,999	5.39	1,455,999	5.39

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	31st March, 2013		31st March, 2012
	₹/ lacs	₹/ lacs	₹/ lacs
<b>4. RESERVES AND SURPLUS</b>			
<b>Capital Reserve</b>			
As per last Account		0.46	0.46
<b>Securities Premium Reserve</b>			
As per last Account		22,629.34	22,629.34
<b>Revaluation Reserve</b>			
(Arising out of Revaluation of Fixed Assets)			
As per last Account	401.23		479.08
Less: Withdrawn	76.46		77.85
		324.77	401.23
<b>General Reserve</b>			
As per last Account		1,672.23	1,672.23
<b>Surplus / (Deficit)</b>			
Profit & Loss Account :			
As per last Account		(18,760.40)	(12,233.66)
Add : Loss transferred from Profit and Loss Statement		(4,997.05)	(6,526.74)
		(23,757.45)	(18,760.40)
		<u>869.35</u>	<u>5,942.86</u>

5. **Money received against Share Warrants**  
Equity share warrants amounting to ₹ 601.50 lacs represent 10% consideration received from a party against share warrants issued on preferential basis during the year 2007-08. The conversion of share warrants to equity is sub-judice.

	31st March, 2013		31st March, 2012	
	Non current ₹/ lacs	Current ₹/ lacs	Non current ₹/ lacs	Current ₹/ lacs
<b>6. LONG TERM BORROWINGS</b>				
<b>Term Loans: Secured</b>				
<b>a) From Banks:</b>				
State Bank of India	–	3,635.00	–	3,650.00
State Bank of Bikaner & Jaipur	–	1,323.00	411.00	912.00
Punjab National Bank	912.47	760.30	1,216.59	456.18
Bank of India	82.45	12.00	94.45	–
	<u>994.92</u>	<u>5,730.30</u>	<u>1,722.04</u>	<u>5,018.18</u>
<b>b) From Other parties:</b>				
Indian Renewable Energy Development Agency Limited (IREDA)	4,042.73	888.96	4,664.09	405.83
Funded Interest on Term Loan	–	1,079.36	232.91	854.00
	<u>4,042.73</u>	<u>1,968.32</u>	<u>4,897.00</u>	<u>1,259.83</u>
<b>c) Other loans and advances</b>				
Finance lease obligation	5.22	7.81	12.98	8.62
Inter Corporate Deposit	–	350.00	–	–
	<u>5.22</u>	<u>357.81</u>	<u>12.98</u>	<u>8.62</u>
<b>Total (a + b + c)</b>	<u>5,042.87</u>	<u>8,056.43</u>	<u>6,632.02</u>	<u>6,286.63</u>

6.1 Term loans from banks and other parties are secured / to be secured by joint equitable mortgage by deposit of title deed of immovable properties and hypothecation of all moveable assets of the company both present and future (save and except book debts) ranking pari-passu subject to prior charges created in favour of the company's bankers for securing working capital finance on stock of raw material, finished goods etc. and also by second charges on current assets. Further, the above term loans have been guaranteed by the personal guarantee of the Vice Chairman & Managing Director of the Company.

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## 6.2 Interest and maturity profile on Term Loans are set out below :

Interest on term loan from banks and other parties carry interest @ 15.75% to 16.75% and 10% to 12.89% respectively.

Maturity Profile	Current	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	(₹/ lacs)
<b>Term Loans from Banks</b>						
State Bank of India	3,635.00	–	–	–	–	–
State Bank of Bikaner & Jaipur	1,323.00	–	–	–	–	–
Punjab National Bank	760.30	304.12	304.12	304.23	–	–
Bank of India - WCTL	12.00	12.00	12.00	12.00	46.45	–
	<u>5,730.30</u>	<u>316.12</u>	<u>316.12</u>	<u>316.23</u>	<u>46.45</u>	
<b>Term Loans from Other Parties</b>	1,968.34	1,021.36	1,021.35	1,000.00	1,000.00	–
	<u>7,698.64</u>	<u>1,337.48</u>	<u>1,337.47</u>	<u>1,316.23</u>	<u>1,046.45</u>	

## 6.3 Details of default in repayment of Term Loans and Interest (₹ in lacs)

Term Loan from Banks:

Name of Bank	Amount of Default as on 31.03.2013	Default has started since
State Bank of India	Principal	January 2011
	Interest	April 2011
State Bank of Bikaner & Jaipur	Principal	March 2011
	Interest	April 2011
Punjab National Bank	Principal	October 2011
	Interest	August 2011
Bank of India - WCTL	Principal	–
	Interest	6.38
		November 2012

Term Loan from other parties:

Indian Renewable Energy Development Agency Limited	Principal	1,114.05	June 2011
	Interest	1,173.92	June 2011

## 6.4 Finance Lease obligation are secured against leased assets i.e. 'Vehicles'.

## 7. PROVISIONS

	31st March, 2013		31st March, 2012	
	Long-term ₹/ lacs	Short-term ₹/ lacs	Long-term ₹/ lacs	Short-term ₹/ lacs
<b>a) Provision for employee benefits</b>				
Provision for gratuity	–	757.01	–	666.08
Leave encashment	117.26	27.13	142.50	31.13
Superannuation fund	–	–	–	24.98
<b>b) Other Provisions</b>				
Sales Tax & Entry Tax	15.47	–	12.64	–
Interest on bank borrowings	–	4,973.43	–	2,293.89
	<u>132.73</u>	<u>5,757.57</u>	<u>155.14</u>	<u>3,016.08</u>

## 7.1 Interest on bank borrowing amounting to ₹ 4,973.43 lacs ( ₹2,293.88 lacs) represents interest charged on Term loans and Cash Credit at documented rate.

Disclosure as required under AS 29

Provision for Entry Tax, Sales Tax and Interest on Bank Borrowings have been recognized in the financial statements considering the following:

- The company has a present obligation as a result of past event.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

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Particulars	Entry tax	Sales tax	Interest on bank borrowings
Carrying amount as at 01.04.2012	₹ 7.41 lacs	₹ 5.23 lacs	₹ 2,293.89 lacs
Provision made during the year	–	₹ 2.83 lacs	₹ 2,685.91 lacs
Amount used during the year	–	–	₹ 6.37 lacs
Unused amount reversed during the year	–	–	–
Carrying amount as at 31.03.2013	₹ 7.41 lacs	₹ 8.06 lacs	₹ 4,973.43 lacs
Nature of obligation	Demand of Entry tax	Demand for Sales tax	Interest payable on bank borrowings
Expected timing of resultant outflow	On decision by the competent adjudicating authorities.	On decision by the competent adjudicating authorities.	On decision by the banks and other term lenders (IREDA)
Indication of uncertainty about those outflow	The above matters are under dispute with the authorities.	The above matters are under dispute with the authorities.	Depends on the decision of lending banks and institution (IREDA)
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	Depends on the decision of lending banks and institution (IREDA)
Amount of any expected reimbursement, i.e., amount of any asset that has been recognized for that expected reimbursement.	–	–	–

8. SHORT TERM BORROWINGS	31.03.2013 ₹ / lacs	31.03.2012 ₹ / lacs
<b>a) Cash Credit from Banks : (Secured)</b> (excluding interest not charged by banks)		
Bank of India	564.75	464.42
State Bank of India	6,668.53	6,607.81
State Bank of Bikaner & Jaipur	855.91	856.26
<b>b) Interest free loans and advances from related parties</b> payable on demand (unsecured) (refer note 36)	68.35	86.46
	<u>8,157.54</u>	<u>8,014.95</u>

8.1 Cash Credit from banks are secured on a consortium basis by hypothecation of raw materials, finished goods, stores and spares, book debts etc. and also by pari-passu second charges on the immovable properties and also by second charges on fixed assets. The cash credit is payable on demand and carries interest @ 15.75 % to 17.15 %. Further, the above Cash Credit from banks have been guaranteed by the personal guarantee of the Vice Chairman & Managing Director of the Company.

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## 8.2 Details of default in repayment of Cash Credit (₹ in lacs)

Cash Credit from Banks :

Name of Banks	Amount of Default	Default has started since
State Bank of India	6,668.53	April 2011
State Bank of Bikaner & Jaipur	855.91	July 2011
Bank of India	564.75	March 2013

Amount outstanding as on 31.03.2013 is shown as default.

	31.03.2013 ₹ / lacs	31.03.2012 ₹ / lacs
<b>9. OTHER CURRENT LIABILITIES</b>		
Trade payables*	2,576.55	3,581.85
<b>Other liabilities</b>		
Current maturities of long-term debts (Refer Note No. 6 a & b)	7,698.62	6,278.01
Current maturities of finance lease obligation (Refer Note No.6c)	357.81	8.62
Interest accrued and due on Term Loans	1,607.72	801.43
Advance against Order	2,950.57	2,088.25
Creditors of Capital Expenditure	369.63	381.48
Fund under Section 205C of the Companies Act, 1956 in respect of unclaimed dividend, not due	-	4.53
Liability for other expenses	392.15	342.11
Liability for wages and salaries	139.62	125.34
Security Deposit & Tender Deposit	454.03	448.87
Other payables	304.69	213.37
	<u>14,274.84</u>	<u>10,692.01</u>
	<u>16,851.39</u>	<u>14,273.86</u>

\* Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.

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## 10. FIXED ASSETS TANGIBLE ASSETS

As at 31.03.2013	Leasehold Land	Freehold Land	Building	Plant and Machinery	Furniture and Fixtures	Office Equipments	Computer	Vehicles	Total Tangible Assets
Cost at beginning of year	18.88	86.15	6,736.58	32,169.96	56.46	99.81	117.80	282.58	39,568.22
Additions	-	-	576.75	826.25	0.09	-	2.80	-	1,405.89
Disposals	-	-	-	2.72	-	-	-	6.65	9.37
Cost at end of year	18.88	86.15	7,313.33	32,993.49	56.55	99.81	120.60	275.93	40,964.74
Depreciation at beginning of year	-	-	2,103.49	15,464.07	37.86	54.89	103.56	143.23	17,907.10
Charge for the year	-	-	232.14	1,286.78	1.93	3.30	4.53	25.98	1,554.66
Disposals	-	-	-	2.72	-	-	-	4.42	7.14
Depreciation at end of year	-	-	2,335.63	16,748.13	39.79	58.19	108.09	164.79	19,454.62
Net book value at beginning of year	18.88	86.15	4,633.09	16,705.89	18.60	44.92	14.24	139.35	21,661.12
Net book value at end of year	18.88	86.15	4,977.70	16,245.36	16.76	41.62	12.51	111.14	21,510.12
								Note-3	
<b>CAPITAL WORK-IN-PROGRESS</b>									<b>3,534.26</b>

### TANGIBLE ASSETS

As at 31.03.2012	Leasehold Land	Freehold Land	Building	Plant and Machinery	Furniture and Fixtures	Office Equipments	Computer	Vehicles	Total Tangible Assets
Cost at beginning of year	18.88	86.15	6,735.14	32,097.87	76.07	116.03	141.31	315.63	39,587.08
Additions	-	-	1.44	88.58	7.72	3.01	1.04	22.95	124.74
Disposals	-	-	-	16.49	27.33	19.23	24.55	56.00	143.60
Cost at end of year	18.88	86.15	6,736.58	32,169.96	56.46	99.81	117.80	282.58	39,568.22
Depreciation at beginning of year	-	-	1,897.26	14,430.02	60.24	68.47	123.00	151.91	16,730.90
Charge for the year	-	-	206.23	1,050.54	2.80	4.45	4.38	27.52	1,295.92
Disposals	-	-	-	16.49	25.18	18.03	23.82	36.20	119.72
Depreciation at end of year	-	-	2,103.49	15,464.07	37.86	54.89	103.56	143.23	17,907.10
Net book value at beginning of year	18.88	86.15	4,837.88	17,667.85	15.83	47.56	18.31	163.72	22,856.18
Net book value at end of year	18.88	86.15	4,633.09	16,705.89	18.60	44.92	14.24	139.35	21,661.12
								Note-3	
<b>CAPITAL WORK-IN-PROGRESS</b>									<b>4,640.06</b>

Note :

- Cost at the beginning of the year includes increase in valuation of ₹ 1,042.01 lacs and ₹ 5,091.98 lacs in Buildings and Plant & Machinery respectively on Revaluation of assets as at 31st March, 1993.
- Depreciation includes of ₹ 751.46 lacs (₹ 719.43 lacs) and ₹ 5,057.76 lacs (₹ 5,013.32 lacs) in Building and Plant & Machinery respectively on increased of value of assets due to revaluation.
- Fixed Assets include vehicles acquired under finance lease with a Gross Block of ₹36.32 lacs (₹36.32 lacs), Accumulated Depreciation of ₹6.71 lacs (₹ 3.26 lacs) and Net Block of ₹29.61 lacs (₹33.06 lacs)
- Addition to Plant & Machinery and Building include ₹ 800.03 lacs and ₹ 573.83 lacs respectively in respect of items put to use on 22.11.2011 and capitalised during the year.
- Depreciation includes depreciatin on Plant & Machinery of ₹ 13.64 lacs and Building ₹ 6.88 lacs pertaining to previous year in respect of the above assets capitalised during the year.



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## 10A INTANGIBLE ASSETS

(Intangible assets-in-progress)	Mining exploration and development expenses
<b>Opening Balance as at 01.04.2012</b>	<b>199.23</b>
Additions during the year 2012-13	<b>18.61</b>
<b>Closing Balance as at 31.03.2013</b>	<b>217.84</b>
Opening Balance as at 01.04.2011	<b>180.00</b>
Additions during the year 2011-12	<b>19.23</b>
<b>Closing Balance as at 31.03.2012</b>	<b>199.23</b>

Note : Amortisation will commence as soon as Mining rights are received.

	31.03.2013 ₹ / lacs	31.03.2012 ₹ / lacs
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>Other Investment</b>		
<b>a) In Equity shares - Unquoted, fully paid up</b>		
<b>(i) Investment in Associated Companies - Quoted</b>		
1,419,930 (1,419,930) Equity Shares of ₹ 10 each of Bilati (Orissa) Limited*	141.99	141.99
<b>(ii) Investment in Subsidiary - Un-quoted</b>		
749,930 (749,930) Equity Shares of ₹ 10 each of Bamra Iron and Steel (India) Limited	74.99	74.99
<b>(iii) Others - Un-quoted</b>		
500 (500) B-Class Shares of ₹200 each of Orissa Sponge Iron Employees' Consumer Co-operative Society Ltd.	1.00	1.00
5,000 (5,000) Equity Shares of ₹10 each of OSIL-TRFI Community Services	0.50	0.50
7,200 (7,200) Equity Shares of ₹ 10 each of Keonjhar Infrastructure Development Company Ltd., Palaspanga **	0.72	0.72
	<b>219.20</b>	<b>219.20</b>
Add / (Less) Provision for diminution in value of long term investments		
* (Provision for diminution in the value of investment in shares of Bilati (Orissa) Ltd. (BOL) has been made during 2010-11, with a carrying amount ₹ 1,000)	<b>(141.98)</b>	<b>(141.98)</b>
	<b>77.22</b>	<b>77.22</b>
<b>b) In Preference Shares - Unquoted, fully paid up</b>		
40,00,000 (40,00,000) 6 % Preference Equity Shares of ₹ 10 each of Kenojhar Infrastructure Development Company Ltd., Palaspanga	<b>400.00</b>	<b>400.00</b>
<b>Total of (a) + (b)</b>	<b>477.22</b>	<b>477.22</b>
11.1 ** Investment in equity share of Keonjhar Infrastructure Development Company Ltd. (KIDCO) amounting to ₹ 0.72 lacs (₹ 0.72 lacs in 2011-12) has been pledged with State Bank of India (SBI) as security for loan granted to KIDCO by SBI.		

## 12. DEFERRED TAX ASSETS (NET)

<b>Deferred Tax Liabilities</b>		
Depreciation	(4,218.43)	(4,552.00)
<b>Deferred Tax Assets</b>		
Carried Forward loss	12,399.12	11,013.28
Disallowance under Section 43B	88.40	60.30
<b>Deferred Tax Assets / (Liability) (Net)</b>	<b>8,269.09</b>	<b>6,521.58</b>

# Orissa Sponge Iron & Steel Limited

## 13. LOANS AND ADVANCES

		31st March, 2013		31st March, 2012	
		(Long-term) ₹/ lacs	(Short-term) ₹/ lacs	(Long-term) ₹ / lacs	(Short-term) ₹ / lacs
<b>Capital advance</b>					
Unsecured, considered good	(A)	279.04	5.93	203.88	85.94
<b>Security Deposit</b>					
Unsecured, considered good	(B)	145.78	–	131.22	–
<b>Loans and advances to related parties (Note-36)</b>					
Unsecured, considered good		207.52	–	179.53	–
Doubtful		1,901.43	–	1,873.83	–
		<u>2,108.95</u>	<u>–</u>	<u>2,053.36</u>	<u>–</u>
Provision for doubtful advances		1,901.43	–	1,873.83	–
	(C)	<u>207.52</u>	<u>–</u>	<u>179.53</u>	<u>–</u>
<b>Advance recoverable in cash or in kind</b>					
Unsecured, considered good		227.99	247.97	202.07	981.37
Doubtful		414.39	–	273.62	–
		<u>642.38</u>	<u>247.97</u>	<u>475.69</u>	<u>981.37</u>
Provision for doubtful advances		414.39	–	273.62	–
	(D)	<u>227.99</u>	<u>247.97</u>	<u>202.07</u>	<u>981.37</u>
<b>Other loans and advances</b>					
Advance income tax and tax deducted at source (Net of provision for taxation)		–	34.77	–	39.13
Prepaid Expenses		–	26.74	–	36.63
Loans to Employees		–	2.76	–	3.93
Balance with statutory / government authorities		524.17	617.87	544.62	585.74
	(E)	<u>524.17</u>	<u>682.14</u>	<u>544.62</u>	<u>665.43</u>
<b>Total (A+B+C+D+E)</b>		<u>1,384.50</u>	<u>936.04</u>	<u>1,261.32</u>	<u>1,732.74</u>

### 13.1 Loans and advances to related parties includes

Advances to Bilati (Orissa) Ltd (BOL) - doubtful ₹ 1,901.43 lacs (₹ 1,873.83 lacs)

Advance to Bamra Iron & Steel Company (India) Ltd. (Bamra) - ₹ 84.10 lacs (₹ 83.82 lacs)

As the prospect of reviving of Bilati (Orissa) Ltd (which is under BIFR). appears to be uncertain, provision has been made for doubtful debt.

### 13.2 Advance recoverable in cash or in kind includes provision for doubtful advances to Neelachal Ispat Nigam Limited (NINL) for ₹ 273.61 lacs (₹273.61 lacs). Provision has been made for claims receivable from NINL, though the management is persuing for recovery.

### 13.3 Long Term Advances includes claim receivable amounting to ₹ 119.00 lacs from Mahanadi Coalfield Ltd. Mahanadi Coalfield Ltd. encashed the bank guarantee given to them for purchasing of coal under the fuel supply agreement. The company has contested such encashment of bank guarantee and the matter is subjudice.

	31st March, 2013	31st March, 2012
	₹/ lacs	₹/ lacs
<b>14. CURRENT INVESTMENTS - QUOTED</b>		
(at cost less provision for diminution in value)		
<b>Trade Investments - Quoted, fully paid up</b>		
14,240 (14,240) Equity Shares of ₹ 10 each of Industrial Development Bank Ltd. (includes 5,340 Bonus Shares) (Market value ₹ 11.58 lacs, previous year ₹ 14.91 lacs)	11.57	11.57
63,524 (63,524) Equity Shares of ₹ 50 each of Rathi Steel & Power Limited (Market value ₹ 2.55 lacs, previous year ₹ 6.27 lacs)	31.76	31.76
	<u>43.33</u>	<u>43.33</u>
(Less) Provision for diminution in value of current investments	(29.21)	(28.66)
	<u>14.12</u>	<u>14.67</u>

# Orissa Sponge Iron & Steel Limited

	31st March, 2013 ₹/ lacs	31st March 2012 ₹/ lacs
<b>15. INVENTORIES</b>		
(At lower of cost and net realisable value)		
Finished Goods	1,600.10	2,463.99
Raw Materials	1,068.30	1,026.34
Stores and Spares	559.91	572.62
	<u>3,228.31</u>	<u>4,062.95</u>
<b>16. TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Trade receivable outstanding for a period exceeding six months from the date they were due for payment	226.58	218.86
Unsecured, considered doubtful	-	-
	<u>226.58</u>	<u>218.86</u>
Others	2.42	283.52
<b>Total Trade Receivables</b>	<u>229.00</u>	<u>502.38</u>
<b>17. CASH AND BANK BALANCES</b>		
<b>(A) Cash and cash equivalents</b>		
(a) Cash on hand	0.39	4.67
(b) Balances with banks		
(1) in Current Account	49.74	64.21
(2) in deposit accounts (maturing in three months or less)	160.21	20.00
<b>Total Cash and cash equivalent</b>	<u>210.34</u>	<u>88.88</u>
<b>(B) Other Bank Balances:</b>		
Fixed deposit with banks	29.90	32.22
(maturing after three months but within twelve months)		
On Margin Money Deposit	72.21	137.51
On Unpaid Dividend Accounts	-	4.53
	<u>102.11</u>	<u>174.26</u>
<b>Total Cash and bank balances</b>	<u>312.45</u>	<u>263.14</u>
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products	3,897.03	10,411.46
Sale of Power	165.21	365.49
Engineering and Technical Services	18.73	86.37
	<u>4,080.97</u>	<u>10,863.32</u>
Less : Excise Duty on sale of products	431.66	984.44
	<u>3,649.31</u>	<u>9,878.88</u>
<b>19. OTHER INCOME</b>		
Interest	23.84	29.49
Dividend	0.21	0.78
Miscellaneous Income (Net of excise duty ₹ 4.20 lacs, previous year ₹ 2.41 lacs)	82.59	119.55
Liability written back since no longer payable	52.78	26.92
	<u>159.42</u>	<u>176.74</u>

# Orissa Sponge Iron & Steel Limited

	31st March, 2013 ₹ / lacs	31st March, 2012 ₹ / lacs
<b>20. COST OF MATERIALS CONSUMED</b>		
<b>MATERIAL EXPENSES</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	1,026.34	1,401.77
Add : Purchases	1,717.79	7,843.85
	<u>2,744.13</u>	<u>9,245.62</u>
Less : Recoveries from waste disposal	1.50	203.43
	<u>2,742.63</u>	<u>9,042.19</u>
Less : Closing Stock	1,068.30	1,026.34
	<u>1,674.33</u>	<u>8,015.85</u>
<b>Details of materials consumed</b>		
Iron Ore	584.87	4,077.28
Coal	1,079.02	3,698.28
Limestone & Dolomite	10.44	43.27
Steel Scrap	-	42.07
Others	-	154.95
	<u>1,674.33</u>	<u>8,015.85</u>
<b>21. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK IN TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	2,463.99	3,296.62
<b>Closing stock</b>		
Finished Goods	1,600.10	2,463.99
	<u>863.89</u>	<u>832.63</u>
Details of Excise duty in finished goods stated above:		
Opening Stock	271.05	307.84
Closing Stock	176.02	271.05
(Refer Note No. - 25)	<u>(95.03)</u>	<u>(36.79)</u>
<b>22. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	1,350.88	1,885.35
Contribution to Provident and Other Funds	261.57	273.43
Staff Welfare Expenses	196.24	280.51
	<u>1,808.69</u>	<u>2,439.29</u>
<b>23. FINANCE COST</b>		
Interest Expenses	3,744.53	3,189.44
Other Borrowing Costs	23.83	43.20
	<u>3,768.36</u>	<u>3,232.64</u>
<b>24. DEPRECIATION AND AMORTISATION EXPENSE</b>		
For the year	1,554.66	1,295.92
Less : Withdrawn from Revaluation Reserve	76.46	77.85
	<u>1,478.20</u>	<u>1,218.07</u>
<b>25. OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Consumption of Stores & Spares	52.12	170.02
Power & Fuel	125.88	244.92
Repairs to Building	11.52	5.19
Repairs to Machinery	86.80	159.02
	<u>276.32</u>	<u>579.15</u>
Excise Duty on change in Finished goods (Refer Note - 21)	(95.03)	(36.79)
	<u>181.29</u>	<u>542.36</u>

# Orissa Sponge Iron & Steel Limited

	31st March, 2013	31st March, 2012
	₹ / lacs	₹ / lacs
<b>Administrative, Selling and Other Expenses</b>		
Rent	12.41	18.71
Rates & Taxes	17.38	18.20
Insurance	36.75	31.05
Travelling & Conveyance	78.69	80.70
Postage, Telephone & Telex	11.95	14.63
Printing & Stationery	5.37	8.07
Upkeep Maintenance	40.31	53.11
Freight on Sales	51.78	87.68
General Repairs	23.22	46.63
Selling Commission	35.46	124.99
Bad Debt / advances written off	12.06	585.82
Less : Adjusted with Provision for doubtful debts / Advances	-	(128.80)
Provision for doubtful advances	168.38	18.08
Packing & Forwarding	33.86	85.87
Provision for diminution in value of investments	0.55	4.50
Legal & Professional Expenses	145.77	188.21
Miscellaneous Expenses	104.59	189.35
	<b>778.53</b>	<b>1,426.80</b>
Total	<b>959.82</b>	<b>1,969.16</b>

## 26. Disclosures in accordance with revised AS-15 on "employees benefits"

### a) Defined Contribution Plans :

The Company has recognized the following amounts in the Statement of Profit and Loss for the year :

Particulars	2012-13	2011-12
	₹ / lacs	₹ / lacs
Employers' Contribution to Provident Fund	64.90	92.89
Employers' Contribution to Superannuation Fund	25.61	25.66
Employers' Contribution to Employees' Pension Scheme, 1995	28.51	41.80
Total	119.02	160.35

### b) Defined Benefit Plans :

i) Compensated Absences : Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of avilment of leave while in service and qualifying salary on the date of avilment of leave. In respect of encashment of leave, the Defined Benefit obligation is calculated taking into account in qualifying salary projected up to the assumed date of encashment.

ii) Detail of the Gratuity and Leave Encashment benefit are as follows :

Particulars	2012-13		2011-12	
	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs
<b>Obligation at the beginning of the year</b>	<b>917.59</b>	<b>173.94</b>	844.79	169.85
Service cost	47.14	-	43.93	5.22
Interest cost	21.93	12.73	21.36	13.75
Benefits settled	(79.55)	(24.43)	(50.35)	(32.83)
Actuarial (Gain) / Loss	83.90	(17.85)	57.86	17.95
Obligation at the end of the year	<b>991.01</b>	<b>144.39</b>	917.59	173.94

## Orissa Sponge Iron & Steel Limited

Particulars	2012-13		2011-12	
	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs
<b>Change in plan Assets</b>				
Plan Assets at the beginning of the year, at fair value	251.51	-	234.89	-
Expected return on Plan Assets	21.93	-	21.36	-
Actuarial (Gain) / Loss	(3.89)	-	(3.89)	-
Contributions	44.00	-	49.50	-
Benefits settled	(79.55)	-	(50.35)	-
Plan Assets at the end of the year, at fair value	234.00	-	251.51	-
<b>Reconciliation of present value of the obligation and the fair value of the planned assets</b>				
Fair value of the Plan Assets at the end of the year	234.00	-	251.51	-
Present value of the defined benefit obligation at the end of the year	991.01	144.39	917.59	173.94
Assets / (liability) recognised in the Balance Sheet	(757.01)	(144.39)	(666.08)	(173.94)
<b>Gratuity cost for the year</b>				
Service cost	47.14		43.93	
Interest cost	21.93		21.36	
Expected return on plan assets	(21.93)		(21.36)	
Actuarial (Gain) / Loss	87.78		61.75	
Net Gratuity cost	134.92		105.68	
<b>Assumptions</b>				
Interest rate	9.30%	8.00%	9.30%	8.00%
Expected rate of return on plan assets	9.30%	8.00%	9.30%	8.00%
Expected rate of salary increase	4%	5%	4%	6%
Retirement age	58	58	58	58

### 27. Bamra Iron & Steel Company (India) Limited (Bamra)

Bamra Iron & Steel Company (India) Ltd. is a wholly owned subsidiary of the Company. As the Company has not yet started operations and project is under implementation consolidated financial statement (AS-21) has not been prepared.

### 28. Lease

Fixed Assets acquired under Finance Leases :

The company has acquired vehicles under finance lease. The year wise break-up of outstanding lease obligations are as under :

Period	2012-13 ₹ / lacs	2011-12 ₹ / lacs
Within one year	7.80	8.62
Later than one year and not later than five years	5.22	12.98
Later than five years	-	-

The original period of the lease term ranges from 3 to 5 years. Lease rentals are charged on the basis of agreed terms.

### 29. Miscellaneous expenses include payments to Auditors towards :

	2012-13 ₹ / lacs	2011-12 ₹ / lacs
Statutory Audit Fee	6.00	5.00
Other Services	2.91	2.08
Out of pocket expenses	0.41	0.49
	<u>9.32</u>	<u>7.57</u>

# Orissa Sponge Iron & Steel Limited

	2012-13 ₹ / lacs	2011-12 ₹ / lacs
<b>30. Contingent Liabilities and Commitments</b>		
(A) Contingent liabilities		
(a) Claims against the company not acknowledge as debts:		
i) Disputed Sales Tax (under appeal)	3,313.31	3,303.41
Includes ₹ 1,369 lacs is for non submission of declaration forms, out of which ₹ 1,357.79 lacs has since been collected / submitted and ₹ 1,962.31 lacs other disallowance items		
ii) Disputed Central Excise and Service Tax (under appeal)	155.33	175.67
iii) Income Tax Demand (under appeal)	3.27	3.27
iv) Claim not acknowledged as debt	12.45	9.06
(b) Guarantees		
i) Letters of Credit and for Counter Guarantees to the Banks for guarantees given by them	560.30	691.27
ii) Guarantee given to Keonjhar Central Co-Operative Bank Ltd. for cash credit facilities obtained by Bilati (Orissa) Ltd.	126.93	126.93
iii) Joint Undertaking given for "over-run / shortfall and Guarantee-cum- Undertaking", in debt servicing in the event of default, in connection with term loan of ₹ 58 crores, granted by State Bank of India to Keonjhar Infrastructure Development Company Ltd. (KIDCO).	Not Ascertainable	Not Ascertainable
(B) Commitments		
i) Estimated amount of contracts (Net of advance ₹ 55.16 lacs, previous year ₹ 54.01 lacs) remaining to be executed on Capital Account and not provided for.	229.35	241.34
ii) Other Commitments	Nil	Nil
<b>31. Imported and indigenous raw materials and stores &amp; spares consumed :</b>		
	2012-13	2011-12
	Value ₹ / lacs	Value ₹ / lacs
<b>Raw Materials</b>		
Imported	-	-
Indigenous	1,674.33	8,015.85
	1,674.33	8,015.85
<b>Stores &amp; Spares parts</b>		
Imported	-	-
Indigenous	52.12	170.02
	52.12	170.02
	2012-13 ₹ / lacs	2011-12 ₹ / lacs
<b>32. Expenditure in Foreign Currency</b>	Nil	Nil
<b>33. Earnings in foreign exchange</b>	Nil	Nil
<b>34. Earnings per share</b>		
Profit for the year after taxation, as per statement of profit and loss (₹ / lacs)	(4,997.05)	(6,526.74)
No. of Equity Shares (weighted)	27,000,000	27,000,000
Basic & diluted Earning per share (face value ₹ 10 per share)	(18.51)	(24.17)
In computing diluted earning per share equity share warrants (10% consideration of 35,00,000 equity shares) allotted on preferential basis has been excluded as the conversion of warrants into equity shares is under sub-judice.		
<b>35. As the Company's business activity falls within a single primary business segment, viz. "Iron &amp; Steel" the disclosure requirement of Accounting Standard 17-Segment reporting are not applicable.</b>		
<b>36. Related Party disclosures under Accounting Standard - 18</b>		
A. Name of related party and relationship :		
I. Subsidiary	:	Bamra Iron and Steel Company (India) Ltd.
II. Associates	:	Torsteel Research Foundation in India TRFI Investment Pvt. Ltd. OSIL-TRFI Community Services OSIL-TRFI Community Services Trust Bilati (Orissa) Ltd. Torsteel Services Pvt. Ltd.

# Orissa Sponge Iron & Steel Limited

III. Key Management Personnel : Dr. P. K. Mohanty  
Mr. Munir Mohanty

B. Transaction with related parties referred to in - (A) :		2012-13 ₹ / lacs	2011-12 ₹ / lacs
I. Transaction with Subsidiary			
Advances given during the year	:	0.28	0.26
Receivable / (Payable) as at 31.03.13	:	84.10	83.82
II. Transactions with Key managerial personnel:			
Remuneration			
Dr. P. K. Mohanty	:	0.73	0.90
Mr. M. A. Khan	:	-	6.76
Mr. M. Mohanty	:	13.47	13.40
		<u>14.20</u>	<u>21.06</u>
III. Transactions with Associate Companies			
OSIL-TRFI Community Services			
Contribution towards community services	:	2.18	3.35
OSIL-TRFI Community Services Trust			
Contribution towards community services	:	9.33	16.81
Torsteel Research Foundation in India			
Services Availaed :			
Advance received / paid	:	18.11	(6.97)
Receivable / (Payable) as at 31.03.13	:	(68.35)	(86.46)
Torsteel Services (P) Ltd.			
Advance Received / Paid	:	(52.15)	48.23
Receivable / (Payable ) as at 31.03.13	:	(50.94)	1.21
TRFI Investment Pvt. Ltd.			
Advances given during the year	:	27.71	56.02
Receivable / (Payable ) as at 31.03.13	:	122.21	94.50
IV. Transactions with enterprises over which relative of key Management personnel exercise significant influence			
Bilati (Orissa) Ltd. :			
Advances given during the year	:	27.60	18.08
Balance Receivable as at 31.03.13	:	1,901.43	1,873.83

37. All the amounts in Rupees have been rounded off to lacs with thousands in decimals.

**38. Previous years figures**

Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying Notes forming an integral part of the Financial Statements.

In terms of our annexed report of even date.

For **L. N. MORE & CO.**  
Chartered Accountants  
FRN 307042E

**L. N. MORE**  
Partner  
Membership No. 011485  
Place: Bhubaneswar  
Dated: 13th August, 2013

**S. Ramakrishnan**  
CFO & Company Secretary

For and on behalf of the Board  
**A. K. Mukherjee**, Director  
**P. C. Mohanty**, Director  
**Munir Mohanty**, Director  
**Dr. P. K. Mohanty**, Vice Chairman  
& Managing Director



# Orissa Sponge Iron & Steel Limited

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANY

1. Name of the Subsidiary	:	BAMRA IRON & STEEL COMPANY (INDIA) LTD.
2. The Financial Year of the Subsidiary Company ended on	:	31st March 2013
3. a) No. of shares held by Orissa Sponge Iron & Steel Ltd.	:	7,49,930 Equity Shares of Rs.10 each
b) Extent of holding at the end of Financial Year of Subsidiary Company	:	99.99 %
4. The net aggregate amount of the Subsidiary Company profit/(loss) so far as it concerns the members of the holding Company :	:	The Company has been formed for setting up Iron & Steel Project.
a) Not dealt with in the holding accounts :		
i) For the financial year ended 31st March 2013	:	NIL
ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary	:	Not Applicable
b) Dealt with in the holding Company's accounts :		
i) For the financial year ended 31st March 2013	:	NIL
ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary	:	Not Applicable

### BAMRA IRON & STEEL COMPANY (INDIA) LIMITED

#### DIRECTORS' REPORT

Your Directors are pleased to submit the Director's Report for the year ended 31st March, 2013.

#### STATE OF COMPANY'S AFFAIRS:

##### Financial Results

During the financial year 1st April, 2012 to 31st March, 2013 the Company has incurred an expenditure of ₹ 29,676 (Rupees Twenty Nine Thousand Six Hundred and Seventy Six only) which has been charged to the Statement of Profit and Loss. Upto 31st March, 2012 direct and indirect expenditure relating to project was shown under 'Capital work-in-progress'. Indirect expenditure of revenue nature included in 'Capital work-in-progress' has also been charged to the Statement of Profit and Loss as 'Prior Period Items'.

##### Directorate

Dr. P. K. Mohanty retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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

Not applicable.

##### Particulars of Employees

There were no employees drawing the requisite remuneration whose names are required to be disclosed as required under Sub-Section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time.

##### Director's Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Director's state that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- Accounting policies selected are applied consistently. Judgements and estimates that are reasonable and prudent are made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the Profit / Loss of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The accounts for the financial year ended 31.03.2013 have been prepared on a "going concern" basis.

##### Auditors

The Statutory Auditors M/s. L. N. More & Co. Chartered Accountants, Cuttack, retires at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

##### Acknowledgement and Appreciation

Your Directors acknowledge with gratitude the co-operation extended by the stakeholders during the year and solicit their continued support.

Regd. Office  
OSIL House  
Gangadhar Meher Marg  
Bhubaneswar - 751 024

Place : Bhubaneswar  
Date: 13th August, 2013

For and on behalf of the Board  
Bamra Iron & Steel Co. (India) Limited

Dr. P. K. Mohanty  
Chairman

# Orissa Sponge Iron & Steel Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAMRA IRON & STEEL COMPANY (INDIA) LIMITED

### REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **Bamra Iron & Steel Company (India) Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. 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 the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2013 and

(b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditors Report), (Amendment) 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (here in under referred to as the "order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.

8. As required by Section 227(3) of the Act, we report that :

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

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

c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

d) In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards referred to in Section 211(3c) of the Act.

e) On the basis of the written representations received from the Directors as on March 31, 2013, taken on the record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of Section 274 (1) (g) of the Act.

For **L. N. More & Co.**  
Chartered Accountants  
FRN 307042E

**L. N. More**  
Partner

Membership No.011485

Place: Bhubaneswar

Dated: 13th August, 2013

### ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 7 of the Auditor's Report of even date to the members of **Bamra Iron & Steel Company (India) Limited** ("the Company") on the financial statements for the year ended 31st March, 2013.

We report that :

(i) The Company has not acquired any assets so far.

(ii) The Company has not acquired any inventory so far.

(iii) (a) According to the information & explanation given to us, the Company has not taken loan during the year from any body corporate and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 on such terms which are prejudicial to the interest of the Company.

(b) According to the information & explanation given to us, the Company has not granted any loan, secured or unsecured to any companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 during the year. There are no companies under the same management within the meaning of Section 370 (I-B) of the Companies Act, 1956.

(iv) There are no transactions for purchase of goods and materials and sale of goods, materials and services made by the Company in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the period to ₹ 5,00,000 or more during the period in respect of each party.

(v) The Company has not accepted deposits from the public under Section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.

(vi) The Company is not a Sick Industrial Company within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

(vii) During the course of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, notice or reported during the year nor have we been informed of any such case by the Management.

(viii) The provisions of clauses iv, vii, viii, ix, x, xi, xii, xiv, xv, xvi, xvii, xviii, xix and xx of paragraphs 4 and 5 of the Companies (Auditors' Report) Order, 2003 are not applicable for the current year.

For **L. N. More & Company**  
Chartered Accountants  
FRN 307042E

**L. N. More**  
Partner

Membership No. 011485

Place: Bhubaneswar

Dated: 13th August, 2013

## BAMRA IRON & STEEL COMPANY (INDIA) LIMITED OSIL HOUSE, GANGADHAR MEHER MARG, BHUBANESWAR - 751024

BALANCE SHEET AS AT 31ST MARCH 2013				STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013			
	Note No.	31st March '13 ₹	31st March '12 ₹		31st March '13 ₹	31st March '12 ₹	
<b>I. EQUITY AND LIABILITIES</b>				<b>Expenses:</b>			
1) <b>Shareholders' Funds</b>				Professional Fees	1,000	13,463	
Share Capital	4	7,500,000	7,500,000	Audit Fees	11,236	8,989	
Reserve & Surplus	5	(1,135,965)	-	Filing Fees	17,440	3,562	
2) <b>Non-Current Liabilities</b>				Loss for the year	<u>29,676</u>	<u>26,014</u>	
Long-term borrowings				Transferred to Capital Work-in-Progress	-	(26,014)	
Other Loans & Advances	6	8,409,907	8,382,478	Prior Period Items (Note No. 10)	1,106,289	-	
3) <b>Current Liabilities</b>				<b>Total Loss</b>	<u>1,135,965</u>	<u>-</u>	
Other current liabilities							
Other payables	7	11,236	8,989				
		<u>14,785,178</u>	<u>15,891,467</u>				
<b>II. ASSETS</b>							
1) <b>Non-Current Assets</b>							
Fixed Assets							
Intangible Assets							
Project development expenses	8	5,137,980	-				
Capital work-in-progress		-	15,687,016				
Other non-current assets (Others)	9	-	187,420				
2) <b>Current Assets</b>							
Cash and cash equivalents							
Balances with Bank	10	17,031	17,031				
Short Term Loans & Advances		9,630,167	-				
		<u>14,785,178</u>	<u>15,891,467</u>				

Accompanying notes are an integral part of the Financial Statements.

In terms of our annexed report of even date

For **L. N. More & Co.**  
Chartered Accountants  
FRN 307042E

**L. N. More**  
Partner  
Membership No. 011485  
Place : Bhubaneswar  
Dated: 13th August, 2013

For and on behalf of the Board

**S. Sen**  
**Dr. P. K. Mohanty**  
Directors

### NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

#### 1. CORPORATE INFORMATION

The Company was incorporated in the year 2000 for setting up a Iron Steel Project as part of expansion plan of the holding company Orissa Sponge Iron & Steel Limited. The Project is in the development stage.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### I. Basis of preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAPP). Financial statements comply with the applicable Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, 2006 and presentational requirement of the Companies Act, 1956.

##### II. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities and commitments on the date of financial statements and the result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### III. Indirect expenditure in the nature of Revenue has been reallocated as Revenue Expenditure and charged to Statement of Profit and Loss.

##### IV. Expenses attributable for the project development and implimentation has been recognised as Project Development Expenses which will be eventually capitalised on completion of the project.

#### 3. OTHER NOTES

I. Upto 31st March, 2012, direct and indirect expenditure relating to the project was shown under Capital work-in-progress. In this year's Financial statement indirect expenditure of revenue nature included under "Capital work-in-progress" has been charged to Statement of Profit and Loss as 'Prior Period Items'. Capital work-in-progress as on 31st March 2012, has been rearranged as follows :

(i) Expenditure in the revenue in nature as prior period items	918,869
(ii) Advance given for land and other - under short term loans and advance	9,630,167
(iii) Expenditure directly attributable to project development as Intengiblae Assets	<u>5,137,980</u>
	<u>15,687,016</u>

II. Preliminary expenses shown under other non current Assets amounting to ₹ 1,87,420 has been recognised as revenue expenses and adjusted as 'Prior Period Items'

# Orissa Sponge Iron & Steel Limited

	31st March, 2013	31st March, 2012
	₹	₹
<b>4. SHARE CAPITAL</b>		
<b>Authorised:</b>		
1,000,000 Equity Shares of ₹ 10 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed &amp; Paid up:</b>		
750,000 Equity Shares of ₹ 10 each fully paid up	<u>7,500,000</u>	<u>7,500,000</u>
<p>The Company has issued Equity Shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in Annual General Meeting. In the event of liquidation of the Company the holder of the equity shares will be entitled to receive remaining assets of the Company after settlement of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders. 7,49,930 (7,49,930) shares (99.99%) are held by Orissa Sponge Iron &amp; Steel Limited, the holding Company.</p>		
	31st March, 2013	31st March, 2012
	₹	₹
<b>5. RESERVE AND SURPLUS</b>		
<b>Surplus / (Deficit)</b>		
Profit & Loss Account :		
As per last account	-	-
Profit & Loss Accounts	<u>(1,135,965)</u>	<u>-</u>
	<u>(1,135,965)</u>	<u>-</u>
<b>6. NON CURRENT LIABILITIES</b>		
Orissa Sponge Iron & Steel Limited (Interest free unsecured loan)	<u>8,409,907</u>	<u>8,382,478</u>
<b>7. OTHER CURRENT LIABILITIES</b>		
Outstanding Expenses	<u>11,236</u>	<u>8,989</u>
<b>8. FIXED ASSETS</b>		
Intangible Assets		
Project development expenses	5,137,980	-
Capital Work-in-Progress {Refer note no. 3(I)}	-	15,687,016
	<u>5,137,980</u>	<u>15,687,016</u>
<b>9. OTHER NON-CURRENT ASSETS (OTHERS)</b>	<u>-</u>	<u>187,420</u>
<b>10. CURRENT ASSETS</b>		
Balance with Bank		
HDFC Bank	17,031	17,031
Short term Loans & Advances	<u>9,630,167</u>	<u>9,630,167</u>
<b>11. PRIOR PERIOD ITEMS</b>		
Details		
Professional Fees	(64,211)	
Filing fees	(30,026)	
Audit fees	(73,764)	
Licence fees	(5,900)	
Printing & stationary	(22,164)	
Postage & Telegram	(190)	
Travelling Expenses	(707,338)	
Rate & Taxes	(3,685)	
Bank charges	(6,540)	
Sundry expenses	(5,051)	
	<u>(918,869)</u>	
Preliminary expenses	(187,420)	
	<u>(1,106,289)</u>	

Previous year figures have been regrouped and reclassified wherever necessary

In terms of our annexed report of even date

For **L. N. More & Co.**  
Chartered Accountants  
FRN 307042E

**L. N. More**  
Partner  
Membership No. 011485  
Place : Bhubaneswar  
Dated: 13th August, 2013

For and on behalf of the Board

**S. Sen**  
**Dr. P. K. Mohanty**  
Directors

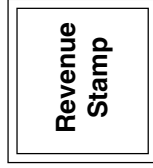
**ORISSA SPONGE IRON & STEEL LIMITED**

OSIL HOUSE, GANGADHAR MEHER MARG  
BHUBANESWAR - 751 024

**PROXY**

I/We.....  
L/F No./Client ID No.\* ..... of ..... in  
the District of .....  
being a member/members of the above named Company hereby appoint  
Sri/Smt .....  
of ..... in the district  
of ..... or failing  
himself/herself Sri/Smt ..... of  
..... in the district of  
..... as my / our proxy to vote for  
me/us on my/our behalf at the Annual General Meeting of the Company to be  
held on Friday, the 27th September, 2013 and at any adjournment thereof.

Date :



**Note : An instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than fortyeight hours before the time of holding the meeting.**

\* Applicable for members holding shares in electronic form.

**ORISSA SPONGE IRON & STEEL LIMITED**

OSIL HOUSE, GANGADHAR MEHER MARG  
BHUBANESWAR - 751 024

**ATTENDANCE SLIP**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL**

**Full Name of the Shareholder in Block Letters :**

I hereby record my presence at the 33rd Annual General Meeting of the Company to be held at Hotel Swosti, Bhubaneswar on Friday, the 27th September, 2013 at 11.00 a.m.

Signature of  
the Shareholder .....

No. of Shares held .....

L/F No. / Client ID No.\* .....

\* Applicable for members holding shares in electronic form.

**BOOK - POST**

*If undelivered, please return to :*

**ORISSA SPONGE IRON & STEEL LIMITED**

Chatterjee International Centre, 11th Floor

33A, Jawahar Lal Nehru Road

Kolkata - 700 071