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1.	Name of the Company	ORISSA SPONGE IRON & STEEL LTD
2.	Annual financial statements for the year ended	31st March,2015
3.	Type of Audit qualification	Qualification + Emphasis of Matter
4.	Frequency of qualification	Same Qualification + Emphasis of Matter was reported by the Auditors for the F/Y 2013-14 also for the first time. Hence it is a repetition since F/Y 2013-14.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<ul style="list-style-type: none"> • Audit Qualification: Annexure to the Audit Report vide Para 7(a) & Management Response Vide Annexure I to the Directors Report vide Para 1(a) • Emphasis of Matter vide Para 9 (a) & (b) of the Independent Auditors Report & Management Response Vide Annexure I to the Directors Report vide Para 1(b) and Corporate Information under Notes to Balance Sheet and Statement of Profit and Loss.
	Additional comments from the board / audit committee chair	None
5.	To be signed by-	
	• CEO /Managing Director	s/d- Dr. P.K.Mohanty Vice Chairman & Managing Director
	• CFO	s/d- Mr. Mnir Mohanty Director & CFO
	• Auditor of the Company	s/d- Mr. L.N.More Statutory Auditors
	• Audit Committee Chairman	s/d- Mr. B.K.Sarkar Chairman of the Audit Committee



ANNUAL REPORT 2014-2015

Board of Directors
 Mr. P. K. Mohanty
 Mr. A. K. Mishra
 Mr. P. K. Mishra
 Mr. P. K. Mishra
 Mr. P. K. Mishra
 Mr. P. K. Mishra
 Mr. P. K. Mishra
 Mr. P. K. Mishra

Director & CEO
 Mr. P. K. Mohanty

Auditor
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty
 Mr. P. K. Mohanty

Registered Office and Project & Engineering Office
 Plot No. 1, Industrial Area, Bhubaneswar
 Orissa - 751 005

State Bank of India
 Bank of India



ORISSA SPONGE IRON & STEEL LIMITED

Orissa Sponge Iron & Steel Limited

Board of Directors

Mr. B. K. Sarkar	Director
Mr. S. K. Khetan	Director
Mr. A. K. Mukherjee	Director
Mr. P. C. Mohanty	Director (upto 05.04.2015)
Mr. S. H. Gupta	Director (upto 31.03.2015)
Mr. S. K. Kar	Director (from 29.08.2015)
Ms. Sonia Jabbar	Director (from 29.08.2015)
Mr. M. Mohanty	Wholetime Director
Dr. P. K. Mohanty	Vice Chairman & Managing Director

Director & CFO

Mr. M. Mohanty

Auditors

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

Registrar & Share Transfer Agent

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

Registered Office and Project & Engineering Office

OSIL House
Gangadhar Meher Marg
Bhubaneswar - 751 024

Corporate Office

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

Plant

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

Bankers

State Bank of India
Bank of India

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**ANNUAL
REPORT
2014-2015**



ORISSA SPONGE IRON & STEEL LIMITED

Orissa Sponge Iron & Steel Limited

Board of Directors

Mr. B. K. Sarkar	Director
Mr. S. K. Khetan	Director
Mr. A. K. Mukherjee	Director
Mr. P. C. Mohanty	Director (upto 05.04.2015)
Mr. S. H. Gupta	Director (upto 31.03.2015)
Mr. S. K. Kar	Director (from 29.08.2015)
Ms. Sonia Jabbar	Director (from 29.08.2015)
Mr. M. Mohanty	Wholetime Director
Dr. P. K. Mohanty	Vice Chairman & Managing Director

Director & CFO

Mr. M. Mohanty

Auditors

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

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Orissa Sponge Iron & Steel Limited

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on Friday, the 19th February, 2016 at Hotel Grand Central, Bhubaneswar at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2015 and the Balance Sheet as on that date together with the Reports of the Directors' and the Auditors' thereon and to pass with or without modification the following Resolution as Ordinary Resolution:
Resolved that the Statement of Profit and Loss for the year ended 31st March, 2015 and the Balance Sheet as on that date together with the Schedules annexed thereto along with the Auditors' Report thereon and the Directors' Report attached thereto be and are hereby received, considered and adopted.
2. To appoint Auditors of the Company and to fix their remuneration and in this connection to pass with or without modification the following Resolution as Ordinary Resolution:
Resolved that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules framed there under, M/s. Bhardwaj & Co. Chartered Accountants (FRN 316085E) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this 35th Annual General Meeting to the conclusion of the 40th Annual General Meeting on such remuneration as may be mutually agreed between the Board of Directors and the Auditors, plus out of pocket expenses incurred in connection with the audit.

AS SPECIAL BUSINESS

3. To appoint Mr. S. K. Kar (DIN 07220972) as Director and to pass with or without modification the following Resolution as Ordinary Resolution:
Resolved that Mr. S. K. Kar (DIN 07220972) who was appointed as an Additional Director by the Board of Directors pursuant to Section 161(1) of the Companies Act, 2013 and who holds office up to the date of Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.
4. To appoint Ms. Sonia Jabbar (DIN 01222834) as Director and to pass with or without modification the following Resolution as Ordinary Resolution:
Resolved that Ms. Sonia Jabbar (DIN 01222834) who was appointed as an Additional Director by the Board of Directors pursuant to Section 161(1) of the Companies Act, 2013 and who holds office up to the date of Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company.
5. To ratify the remuneration of Cost Auditors and to pass with or without modification the following Resolution as Ordinary Resolution:
Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and the applicable Rules framed there under, the remuneration of ₹ 50,000 exclusive of taxes plus out of pocket expenses incurred in connection with the audit payable to the Cost Auditors M/s. B. Ray & Associates, Cost Accountants (FRN 000155) for carrying out the Cost Audit with respect to manufacturing of sponge iron and generation of power at Palaspanga, Dist Keonjhar, Odisha for the Financial year 2014-15 as approved by the Board in its meeting held on 14th August, 2014, be and is hereby ratified.

Registered Office

OSIL House
Gangadhar Meher Marg
Bhubaneswar - 751 024

CIN: L27102OR1979PLC000819
Phone : 033-22883910-16
Fax : 033-22272511
Email : corporate@orissasponge.com
Website : www.orissasponge.com
Kolkata, 2nd January, 2016

By Order of the Board
Orissa Sponge Iron & Steel Limited

M. Mohanty
Director & CFO

ANNEXURE TO THE NOTICE

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

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

Item No. 2

M/s. L. N. More & Co., Chartered Accountants, the retiring Auditors have vide their letter dated 29th December, 2015 expressed their unwillingness for reappointment as Auditors of the Company for F/Y 2015-16. The Board of Directors at the meeting held on 2nd January, 2016 appointed M/s. Bhardwaj & Co., Chartered Accountants (FRN 316085E) as Statutory Auditors of the Company to hold office from the conclusion of the 35th Annual General Meeting to the conclusion of the 40th Annual General Meeting subject to the approval of the Shareholders at the ensuing Annual General Meeting.

The Board recommends the appointment for approval of the Shareholders.

None of the Directors is concerned or interested in the said Resolution.

Orissa Sponge Iron & Steel Limited

Item No. 3

The Board of Directors at the meeting held on 29th August, 2015 appointed Mr. S. K. Kar as Additional Director in terms of Section 161(1) of the Companies Act, 2013 and Article 105 of the Articles of Association. He has been nominated by the Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL). He holds appointment up to the date of Annual General Meeting or the date on which the Annual General Meeting should have been held whichever is earlier. The Company has received a notice in writing from a member proposing his candidature for the office of Director at the ensuing Annual General Meeting.

The Board recommends his appointment as set out in the Notice.

Other than Mr. S. K. Kar no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution set out in the Notice.

Item No. 4

The Board of Directors at the meeting held on 29th August, 2015 appointed Ms. Sonia Jabbar as Additional Director in terms of Section 161(1) of the Companies Act, 2013 and Article 105 of the Articles of Association. She has been nominated by the promoters Torsteel Research Foundation in India (TRFI) which fulfills the requirement of appointment of Women Director on the Board as provided under Section 149(1) of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. She holds appointment up to the date of Annual General Meeting or the date on which the Annual General Meeting should have been held whichever is earlier. The Company has received a notice in writing from a member proposing her candidature for the office of Director at the ensuing Annual General Meeting.

The Board recommends her appointment as set out in the Notice.

Other than Ms. Sonia Jabbar no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution set out in the Notice.

Item No. 5

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s B. Ray & Associates, Cost Accountants, was appointed as Cost Auditors by the Board of Directors of the Company at the meeting held on 14th August, 2014 to audit the Cost Records of the Company with respect to manufacturing of sponge iron and generation of power at Palaspanga, Dist Keonjhar, Odisha for the financial year 2014-15 at a remuneration of ₹ 50,000 per annum exclusive of taxes plus out of pocket expenses incurred in connection with the audit. In accordance with Rule 14 of the said Rules, approval of the shareholders is hereby sought for ratification of the remuneration payable to the Cost Auditor as mentioned in the Notice.

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

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
Orissa Sponge Iron & Steel Limited

CIN: L27102OR1979PLC000819
Phone : 033-22883910-16
Fax : 033-22272511
Email : corporate@orissasponge.com
Website : www.orissasponge.com
Kolkata, 2nd January, 2016

M. Mohanty
Director & CFO

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.** The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
3. Members / Proxy should bring the attendance slip duly filled in for attending the meeting. The role of the Proxy at the meeting shall be governed by the prevailing Rules and Regulations.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, the 12th February, 2016 to Friday, the 19th February 2016 (both days inclusive).**
5. All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday between 11.00 a.m. and 4.00 p.m.
6. Members are requested to intimate the change of their address if any, immediately to the Registrar & Transfer Agent of the Company (RTA).
7. Members who are holding the shares in physical form are requested to open a Depository Account with any of the Depository participants attached to any of the two depositories (NSDL or CDSL) registered under the Depositories Act, so that a member may hold share on paperless de-materialized form, and enjoy better liquidity and other advantages.

Orissa Sponge Iron & Steel Limited

8. For all matters relating to shares, members are requested to contact the RTA/Company at the following address:
 Link Intime India Pvt. Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata – 700020. Phone No: 033-2289 0540 Fax No: 033-2289 0539
 E-mail: kolkata@linkintime.co.in

OR

Orissa Sponge Iron & Steel Limited (Share Department) Chatterjee International Center, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata – 700071, Phone –2288 3910-16, Fax – 033-22272511, E-mail : corporate@orissasponge.com

9. Members, who have multiple accounts in identical names or joint names in same order, are requested to intimate M/s. Link Intime India Pvt. Limited, the ledger folio of such accounts to enable the Company to consolidate all such holdings into one account.
10. Section 72 of the Companies Act, 2013 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificate in physical form and willing to avail this facility may make nomination in Form SH 13, which may be sent on request. However, in case of demat holdings the shareholders should approach their respective depository participants for recording nominations.
11. The Company has transferred unpaid/ unclaimed dividend for the financial year 2004-05 and earlier years to the Investor Education and Protection Fund (IEPF). Once unclaimed dividend is transferred to IEPF no claim shall lie in respect thereof.
12. Particulars of Directors seeking appointment / re-appointment at the 35th Annual General Meeting in pursuance of clause 49 of Listing Agreement is given in Annexure A.
13. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in regard to the Special Business to be transacted at the meeting is enclosed and forms part of the Notice.
14. **The instructions for Voting**
- 14.1 **The instructions for shareholders voting electronically are as under:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company hereby provides members the facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Ltd. (CDSL). The following are the instructions for e-voting purpose:

- (i) The voting begins on Tuesday 16th February, 2016 at 9.00 am and ends on Thursday 18th February, 2016 at 5.00 pm. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 12th February, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the **Electronic Voting Sequence Number (EVSN) 160115002** along with Orissa Sponge Iron & Steel Limited from the drop down menu and click on "SUBMIT".
- (v) Now Enter your User ID
 - a. For CDSL : 16 DIGITS BENEFICIARY ID,
 - b. For NSDL : 8 character DP ID followed by 8 digit client ID.
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) For shareholders holding shares in physical form and first time users holding shares in demat form, the steps given below are to be followed:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence no. which is printed on Attendance Slip indicated in the PAN field.
Date of Birth or Date of Incorporation or Bank Account No.	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account in dd/mm/yyyy format. or Enter the Dividend Bank Account No. as recorded in your Demat Account or in the Company's records for the said Demat Account or the folio no. or Please enter any one of the details to login. In case both the details are not recorded with the DP or the Company, please enter the no. of shares held in the bank account no. field.

- (ix) After entering these details appropriately, click on "SUBMIT" TAB.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Orissa Sponge Iron & Steel Limited on which you choose to vote.

Orissa Sponge Iron & Steel Limited

- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A Confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non-Individual Shareholders & Custodians:
- Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporate or Custodians.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details, a compliance user should be created using admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they will be able to cast their votes.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) The voting rights of shareholders shall be in proportion to their shares of the fully paid up equity shares capital of the Company on the cut off date of 12th February, 2016.
- (xxii) Mr. Atul Kumar Labh, Practicing Company Secretary (Membership No. FCS 4848) of M/s. A. K. Labh & Company, Company Secretaries, 40 Weston Street, 3rd Floor, Kolkata - 700013 has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxiii) The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxiv) The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.orissasponge.com and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

14.2 Instruction for Voting through Ballot Form

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

14.3 Mode of voting

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

Annexure A

Particulars of Directors seeking appointment / re-appointment at the 35th Annual General Meeting in pursuance of Clause 49 of Listing Agreement

Name of the Director	Mr. S.K. Kar	Ms. Sonia Jabbar
Date of Birth	15.09.1959	02.08.1964
Qualification	B. Tech, MBA	BA., (English, Biochemistry)
Date of Appointment	29.08.2015	29.08.2015
Expertise in Specific Functional areas	An Engineer with finance background having specialization in corporate finance	CEO of Industries Unit Manufacturing Tea
List of Companies in which directorship is held (excluding in foreign companies, private limited companies in which he/she is a Director and Section 8 Company)	Nil	Nil
Chairman / Member of the Committee of the Board of Directors of other Companies in which he/she is a Director (excluding in Foreign Companies)	Nil	Nil
Details of Shareholding both own or held by (for other persons on a beneficial basis), if any, in the Company	Nil	Nil

Orissa Sponge Iron & Steel Limited

DIRECTORS' REPORT

Your Directors submit the following report on Financial Results for the year ended 31st March, 2015:

Financial Results:	For the year ended 31st March, 2015 (₹ in lacs)	For the year ended 31st March, 2014 (₹ in lacs)
Turnover	259.42	83.76
Profit / (Loss) before depreciation	(8,748.89)	(6,685.52)
Depreciation (net of revaluation adjustment)	940.76	228.92
Profit / (Loss) before tax	(9,689.65)	(6,914.44)
Provision for Deferred Tax - Assets	1,676.54	2,785.19
Profit / (Loss) after tax	(8,013.11)	(4,129.25)
Surplus /(Deficit) brought forward from previous year	(27,886.70)	(23,757.45)
Adjustment relating to expired Fixed Assets	(172.90)	-
Surplus /(Deficit) carried forward to Statement of Profit and Loss	(36,072.71)	(27,886.70)

State of Affairs

The Company suspended production in June 2012 due to unviable cost economics and continuing losses. The loss for the financial year 2014-15 amount to ₹ 9,689.65 lacs. In the present scenario resumption of plant operations and viability of the Company is largely dependent on availability of raw material from captive sources.

The net worth of the Company has been fully eroded as on 31st March, 2015 under the applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company shall take measures to file the application for registration as sick unit in terms of the provisions of SICA to the Board for Industrial and Financial Reconstruction (BIFR) within the stipulated time.

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

The Company has made representation before all the lenders explaining the reasons for the current state of affairs and the action plan for revival of the Company in the near future. The Company is hopeful of receiving favourable response from the lenders for a comprehensive debt restructuring and working capital facility in view of the iron ore mines allotted to the Company which on commencement of mining operations has the potential to turnaround the Company into a profitable unit in the near future.

The Project and Engineering Division earned revenue of ₹ 175.37 lacs from sale of technology during the year.

Dividend and Reserves

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

The balance in Reserves and Surplus (Net) stands at ₹ 204.38 lacs as on 31st March, 2015. For the year under review there is no proposal to transfer any amount to Reserves in view of losses.

Future Outlook

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights Act) 2006 and are presently awaiting Stage II Clearance on receipt of which lease agreements could be executed for commencement of mining operations.

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

Changes in Capital Structure - Issue of Preference Shares

The Company issued and allotted 10% Cumulative Non Convertible Redeemable Preference Shares amounting to ₹ 20 crores on private placement during the year. These Shares are redeemable on the expiry of 12 years from the date of allotment.

Transfer of Unclaimed Dividend to Investor Education & Protection Fund

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

Deposits

The Company has not accepted deposit within the meaning defined under the Companies Act, 2013.

Project & Engineering Division

The activities of the Project & Engineering Division has been closed with effect from 1st September, 2015.

Subsidiary Company

Bamra Iron & Steel Company (India) Ltd. has been struck off from the Register of Companies as per the Order issued by the Registrar of Companies, Odisha. Consequently, the Company has no subsidiary on the reporting date.

Directors and Key Managerial Personnel

(1) Independent Directors

At the Annual General Meeting of the Company held on 26th September, 2014, the members of the Company appointed Mr. S. K. Khetan (DIN 01297082), Mr. B. K. Sarkar (DIN 00670952) and Mr. A. K. Mukherjee (DIN 00047844) as Independent Directors for a term of 5 years from the date of appointment. As per the terms of appointment the Independent Directors shall not retire by rotation.

(2) Nominee Directors

The nomination of Mr. G. Mathivathanan (DIN 01203901) as Chairman & Director on the Board of the Company was withdrawn by IPICOL on 26.12.2014. IPICOL also withdrew the nomination of Mr. P. C. Mohanty (DIN 05211242) as Director on the Board on 06.04.2015.

Orissa Sponge Iron & Steel Limited

Mr. S. K. Kar (DIN 07220972) was nominated by IPICOL and appointed as Additional Director at the Board Meeting held on 29.08.2015 on the recommendation of the Nomination and Remuneration Committee. Having been appointed as Additional Director he vacates his office at the ensuing Annual General Meeting. Proposal for his re-appointment has been received from a member and accordingly the Resolution for re-appointment of Mr. S. K. Kar as Director is being placed before the ensuing Annual General Meeting for approval.

Ms. Sonia Jabbar (DIN 01222834) was nominated by Torsteel Research Foundation in India (TRFI) as Additional Director at the Board Meeting held on 29.08.2015 on the recommendation of the Nomination and Remuneration Committee. Having been appointed as Additional Director she vacates her office at the ensuing Annual General Meeting. Proposal for her re-appointment has been received from a member and accordingly the Resolution for re-appointment of Ms. Sonia Jabbar as Woman Director is being placed before the ensuing Annual General Meeting for approval.

The nomination of Mr. S. H. Gupta, as Director was withdrawn by TRFI on 01.04.2015 due to operation of Section 167(1)(b) of the Companies Act, 2013

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

(3) Retirement by Rotation

There is no Director liable to retire by rotation at the ensuing Annual General Meeting.

(4) Key Managerial Personnel

Mr. S. Ramakrishnan retired as CFO & Company Secretary on 31.01.2015. Mr. Munir Mohanty, Wholtime Director was given additional responsibility of CFO at the meeting held on 13.02.2015.

Meetings

(1) Meeting of the Board of Directors

During the financial year ended 31st March, 2015, four meetings were held the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

(2) Meeting of the Independent Directors

In terms of Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, a meeting of the Independent Directors was held on 9th February, 2015, wherein the performance of the non independent Directors including the Chairman and the Board as a whole was reviewed. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

Corporate Governance

(1) Directors' Responsibility Statement

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

- a) In the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures from the standards.
- b) Accounting policies were selected and 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, 2015 and of the Loss of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Accounts for the financial year ended 31st March, 2015 have been prepared on a 'going concern' basis.
- e) The laid down internal financial controls to be followed by the Company are adequate and are operating effectively.
- f) Proper system devised by the Company to ensure compliance with the provisions of all applicable laws were adequate and are operating effectively.

(2) Management Discussion and Analysis

Management Discussion and Analysis for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of this Report.

(3) Corporate Governance Report

The Report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section and forms part of this report.

A Certificate from M/s. A. K. Labh & Co., Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49 is attached to the Report on Corporate Governance.

(4) CEO & CFO Certification

As required under Clause 49 of the Listing Agreement, the CEO & CFO certification has been submitted to the Board and a copy thereof is contained elsewhere in this Annual Report.

(5) Board Evaluation

The manner in which the Board evaluates its own performance and also the performance of the Committee and individual Directors are dealt in detail in the Report on Corporate Governance forming part of this Report.

Related Parties

None of the transaction with related parties is in the nature of contract or arrangement but in the nature of discharge of obligation by the concerned related parties. All such transactions including loans, guarantee or investment, wherever application are disclosed in para 36 of the Notes on Accounts and forms part of this Report.

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

Orissa Sponge Iron & Steel Limited

Committees of the Board

(1) Audit Committee

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

(2) Nomination and Remuneration Committee

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

(3) Stakeholders Relationship Committee

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

(4) Ethics Committee

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

(5) Risk Management Committee

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

Policies and Codes

(1) Remuneration Policy

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

(2) Whistle Blowers Policy

The Company has formed a Whistle Blower Policy/Vigil Mechanism as required under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. A Vigil (Whistle Blower) Mechanism provides a channel to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct/business ethics that provides for adequate safeguards against victimization of the director(s) and employee(s) who avail of the mechanism. No director/employee have been denied access to the Chairman of the Audit Committee. The said Policy may be referred to at the Company's Website.

(3) Risk Management Policy

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

(4) Policy on prevention of Sexual Harassment

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

(5) Policy on Corporate Social Responsibility

The provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company. However the internal CSR Policy encompasses the Company's philosophy for giving back to the society as a corporate citizen. CSR activities in the Company are carried through OSIL TRFI Community Services Trust.

(6) Policy on determining Material Subsidiaries

As the Company has no subsidiary, the requirement of Clause 49(V) of the amended Listing Agreement is not applicable to the Company.

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

As required under Clause 49(VIII) of the amended Listing Agreement the Company has formulated a Policy on Materiality of and Dealing with Related Party Transaction and the same has been put up on the Company's Website.

(8) Code of Conduct

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

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

Corporate Social Responsibility

Your Company provided financial assistance of Rs. 0.20 lakhs to Green Field School, located in Palaspnga, Dist. Keonjhar, Odisha for Children education and Rs. 0.56 lakhs to OSIL TRFI Community Services Trust for Community Developments. Your Company regrets its inability to provide the desired support for CSR activities due to financial losses suffered by the Company.

Orissa Sponge Iron & Steel Limited

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 could not be paid to the Stock Exchanges where the Company's shares are listed due to financial constraints. Your Company's application to National Stock Exchange (NSE) for listing and Calcutta Stock Exchanges for de-listing is pending before the respective Exchanges.

Reconciliation of Share Capital

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

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

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

- (1) During the year the Company has purchased electricity 751200 (764880) units from NESCO amounting to ₹ 55.71 lacs (₹ 72.47 lacs)
- (2) During the year the Company has earned foreign exchange of ₹ 132.40 lacs (₹ 71.06 lacs) by sale of technology.

Particulars of Employees

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

Industrial Relations

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

Audit/Auditors

(1) Statutory Auditors

The Statutory Auditors, M/s L. N More & Co., Chartered Accountants, Cuttack, retires at the conclusion of the ensuing Annual General Meeting and have expressed their unwillingness for reappointment as Auditors for the next financial year.

The Audit Committee and the Board has recommended the appointment of M/s. A. K. Bhardwaj & Company, Chartered Accountants for approval of the shareholders at ensuing Annual General Meeting. The Company has received confirmation from them to the effect that they satisfy the criteria provided in Section 139(1) of the Companies Act, 2013 and their appointment would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013.

(2) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remunerations of Managerial Personnel) Rule, 2014, the Company has appointed Ms. Disha Dugar, Practising Company Secretary to conduct Secretarial Audit for the financial year ended 31st March, 2015. The Report on Secretarial Audit is provided separately and forms part of this Report.

(3) Cost Auditors

Pursuant to the provision of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. B. Ray & Associates, Cost Accountants, Kolkata was re-appointed as Cost Auditor of the Company for the year 2014-15 to conduct audit of cost records maintained by the Company.

Auditors' Report

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

Extract of Annual Return

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

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

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

Litigations

Particulars of litigation against the Company are given in Para 30A of Notes on Financial Statements.

Acknowledgement and Appreciation

The Directors acknowledge with gratitude the co-operation extended by Indian Renewable Energy Development Agency Limited, Edelweiss Asset Construction Company Limited, Banks, State Government, Local Administration, 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: Kolkata

Dated: 2nd January, 2016

Orissa Sponge Iron & Steel Limited

ANNEXURE I TO THE DIRECTORS' REPORT

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

(1) Explanation to Statutory Auditor's Report

- a) Reference to Annexure to the Audit Report vide Para 7(a), your Directors submit that due to shut down of plant operations since 2012 and in the absence of regular flow of funds, fund situation has become critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax and Provident Fund dues could not be paid.
- b) Reference to the Audit Report vide Para 9(a) and (b), your Directors submit that the Notes to Balance Sheet and Statement of Profit and Loss under the head Corporate Information gives full details of the State of Affairs of the Company and the justification for preparing the Accounts on the basis of going concern. For the same reasons deferred tax have been recognised in the Accounts as the Directors are of the opinion that on commencement of mining operations, the profit generated would be good enough to absorb the Deferred Tax.
- c) There are no other qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation in the Directors Report. The Notes on Accounts forming part of the financial statements are self-explanatory and needs no further explanation.

(2) Explanation to Secretarial Auditor's Report

- a) Reference to the Audit Report vide Para A (i), your Director submit that in compliance of Section 149 of the Companies Act, 2013, a women Director was subsequently appointed at the Board Meeting held on 29.08.2015.
- b) Reference to the Audit Report vide Para A (ii) & Para 4 (b) A, your Director submit that the Company is in the process of appointing Company Secretary who will also be the Compliance Officer and hope to fill up the vacancy very soon.
- c) Reference to Para (ix) A, Item D in the last page and the concluding Para vide serial no I and II of the Audit Report, your Directors submit that due to shut down of plant operations since 2012 and in the absence of regular flow of funds, fund situation has become critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax, Provident Fund dues, Employee Pension Fund dues, Listing Fee to the Stock Exchange etc could not be paid.
- d) Reference to the Audit Report vide Item A in the last page, your Directors submit that out of seven Directors on the Board, three Directors are Independent Directors and therefore only fractionally lower than 50 % . It will be appropriate to mention here that one Director nominated by IPICOL is a Government Nominee, who always perform independently and take neutral position at the Board meeting and decide on issues based on merit.
- e) Other than the above observations of the Auditors in their Report which have been specifically addressed, no explanation is given on other observations as all of them comprise of statement of facts.

Orissa Sponge Iron & Steel Limited

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2015
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

1. Registration and Other Details

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

2. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :

SL No.	Name and Description of main Product / Services	NIC Code of the Product Service	% to total turnover of the Company
1.	Sponge Iron	24102	NA
2.	Power generated from waste heat	35102	NA
3.	Sale of Technology & Engineering Services	71100	67.60 %

3. Particulars of Holding, Subsidiary and Associate Companies

SL No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary Associate	% of shares held	Applicable Section
	Not applicable				

4. Share holdings Pattern (Equity share Capital Breakup as percentage of Total Equity)

Category of shareholders	No. of shares held at the beginning of year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoter									
1. Indian									
a) Individual/HUF	154155	-	154155	0.571	154155	-	154155	0.571	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	1455999	-	1455999	5.393	1455999	-	1455999	5.393	-
d) Bodies Corporate	682190	3000000	3682190	13.637	682190	3000000	3682190	13.637	-
e) Banks/Fi	-	-	-	-	-	-	-	-	-
f) Any Other	2550589	-	2550589	9.447	2550589	-	2550589	9.447	-
Sub-Total (A) (1)	4842933	3000000	7842933	29.048	4842933	3000000	7842933	29.048	-

Orissa Sponge Iron & Steel Limited

Category of shareholders	No. of shares held at the beginning of year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	4842933	3000000	7842933	29.048	4842933	3000000	7842933	29.048	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	3775	11837	15612	0.058	3775	11837	15612	0.058	-
b) Banks/FI	15	1240	1255	0.005	15	1240	1255	0.005	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	200	-	200	0.001	200	-	200	0.001	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors (Corp.)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	3990	13077	17067	0.063	3990	13077	17067	0.063	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	17738143	15924	17754067	65.756	17738143	15924	17754067	65.756	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) individuals									
i) individuals shareholders holding nominal share capital up to Rs. 1 lakh	457501	342875	800376	2.964	457501	342875	800376	2.964	-
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	512596	49850	562446	2.083	512596	49850	562446	2.083	-
c) Other (specify)	23111	-	23111	0.085	23111	-	23111	0.085	-
Sub-Total (B) (2)	18731351	408649	19140000	70.889	18731351	408649	19140000	70.889	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	18735341	421726	19157067	70.952	18735341	421726	19157067	70.952	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	23578274	3421726	27000000	100	23578274	3421726	27000000	100	-

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ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/encumbered to total shares	
1.	Torsteel Research Foundation in India	2550589	9.446	0.389	2550589	9.446	0.389	
2.	TRFI Investment Pvt. Ltd.	3682190	13.638	-	3682190	13.638	-	
3.	Industrial Promotion & Investment Corp. of Odisha Ltd.	1455999	5.393	-	1455999	5.393	-	
4.	Dr. Prasanta Kumar Mohanty	115555	0.428	0.426	115555	0.428	0.426	
5.	Mrs. M. Mohanty	38600	0.143	-	38600	0.143	-	
	Total	7842933	29.048	0.815	7842933	29.048	0.815	

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

Sr. No.		Shareholding at the beginning of the year (01.01.2014)		Cumulative Shareholding during the year (31.03.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7842933	29.048	7842933	29.048
	Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc)	None		None	
	At the End of the year	7842933	29.048	7842933	29.048

There is no change in Promoters' Shareholding between 01.04.2014 and 31.03.2015

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

Sl. No.	Name of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Monnet Ispat & Energy Limited	9494633	35.16	9494633	35.16
2.	Bhushan Energy Limited	3554692	13.16	3554692	13.16
3.	TRFI Investment (P) Ltd.	3682190	13.63	3682190	13.63
4.	Torsteel Research Foundation in India	2550589	9.45	2550589	9.45
5.	Industrial Promotion and Investment Corporation of Odisha Ltd.	1455999	5.39	1455999	5.39
6.	Ultra Modern Exports Private Ltd.	999900	3.70	999900	3.70
7.	Multistar Construction Private Ltd.	999900	3.70	999900	3.70
8.	Matchless Infrastructue Pvt. Ltd.	803298	2.97	803298	2.97
9.	Brightsun Merchants Pvt. Ltd.	647936	2.39	647936	2.39
10.	BNS Tours and Travel Pvt. Ltd.	513951	1.90	513951	1.90

Orissa Sponge Iron & Steel Limited

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr. Prasanta Kumar Mohanty Vice Chairman & Managing Director				
	At the Beginning of the year	115555	0.43	115555	0.43
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/sweat equity etc)	None		None	
	At the end of the year	115555	0.43	115555	0.43
2.	Mr. S. Ramakrishnan, CFO & CS				
	At the Beginning of the year	55	% of shares of the Company is less than 0.01	55	% of shares of the Company is less than 0.01
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.	None		None	
	At the end of the year	55	% of shares of the Company is less than 0.01	55	% of shares of the Company is less than 0.01

vi) Indebtedness

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

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (₹ in Lacs)
Indebtness at the beginning of the financial year				
i) Principal Amount	20859.17	15.22	–	20874.39
ii) Interest due but not paid	10964.05	0.61	–	10964.66
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	31823.22	15.83	–	31839.05
Change in indebtedness during the financial year				
Addition	6733.69	219.66	–	6953.35
Reduction	–	–	–	–
Net Change	6733.69	219.66	–	6953.35
Indebtness at the end of the financial year				
i) Principal Amount	20959.85	221.23	–	21181.08
ii) Interest due but not paid	17597.06	14.26	–	17611.32
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	38556.91	235.49	–	38792.40

Orissa Sponge Iron & Steel Limited

I. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Dr. P. K. Mohanty	Mr. Munir Mohanty	Total
1.	Gross Salary			
	(a) Salary as per provision contained in Section 17(1) of the Income-tax Act, 1961	12	1134000	1134012
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	22853	67530	90383
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit	N.A.	N.A.	N.A.
	- others, specify...			
5.	Others, please specify (Contribution to Provident Fund, Pension, Gratuity and Superannuation Funds)	Nil	136800	136800
6.	Total (A)	22865	1338330	1361145
	Ceiling as approved by the Central Government (exclusive of exempted items)	215012	1292604	1507616

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Mr. B. K. Sarkar Independent Director	Mr. A. K. Mukherjee Independent Director	Mr. S. K.Khetan Independent Director	Mr. G. Mathivathanan Non Executive Director	Mr. P. C. Mohanty Non Executive Director	Total Amount
	Independent Directors						
	- Fee for attending board committee meetings	62000	83000	20000			165000
	- Commission	Nil	Nil	Nil			
	- Others, please specify	Nil	Nil	Nil			Nil
	Total (1)	62000	83000	20000	Nil	Nil	165000
	Other Non-Executive Directors						
	- Fee for attending board Committee meetings				Nil	30000	30000
	Commission				Nil	Nil	Nil
	- Others, please specify				Nil	Nil	Nil
	Total (2)				Nil	30000	30000
	Total (B)=(1+2)	62000	83000	20000	Nil	30000	195000
	Total Managerial Remuneration	62000	83000	20000	Nil	30000	195000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & Company Secretary Mr. S. Ramakrishnan	Total
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1502500	1502500
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	220417	220417
	(c) Profit in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- as % of profit	NA	NSA
	- others, specify		
5.	Others, please specify (Contribution to Provident Fund, Pension, Gratuity & Superannuation Fund)	217500	217500
6.	Total	1940417	1940417

II. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty	NA	Non Submission of Annual Report in time	₹ 1,124	BSE under Clause 31 of the Listing Agreement	None
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers in Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

MANAGEMENT DISCUSSIONS AND ANALYSIS

i) Industry structure and developments:

The Company operates coal based Sponge Iron Plant (2,50,00 TPY), Waste Energy Recovery based Power Plants (36 MW) and a Billet making Plant 100,000 TPY). Growth in this sector of the Industry has slowed down for the last couple of years due to weak demand. Sponge Iron is one of the sources of metallic used for steel making. For better capacity utilization and for desired quality of Sponge Iron it is important to use the right qualities of raw materials i.e. iron ore and coal. Performance of Waste Energy Recovery based Power Plant depends on capacity utilization of the Sponge Iron Plants. Surplus power is sold generating revenue. Many Sponge Iron Plants are closed or facing the threat of closure due to shortfall in the supply of iron ore and coal as well as high cost of such inputs.

ii) Opportunities and threats:

Opportunities:

The Company has received Stage I Clearance from the Ministry of Environment and Forest (MOEF) in June, 2013. On compliance of the conditions mentioned therein, Stage II Clearance will be granted. Thereafter mining lease agreement needs to be executed for commencement of mining operations. Meanwhile the Company has also received Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights) Act, 2006, which is an important clearance. Having regard to the current status it may be reasonably expected that mining operations could be commenced in a period of 12 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 unremunerative and availability has suffered to a great extent due to various restrictions imposed by the authorities. Coal India's New Coal Distribution Policy has disrupted coal linkages forcing producers to procure more e-auction coal and use imported coal. Coal India has also increased the price of coal substantially. The situation is expected to change for the better in the near future.

iii) Segment-wise or product-wise performance:

The Company's business activities falls within a single primary business segment viz. "Iron & Steel" in accordance with the Accounting Standard 17. Since June 2012, the plant has been shut down due to various difficulties. Efforts are being made to restart the plant operations by conversion arrangements for the interim period until commencement of mining operations when iron ore from own mines will be available for captive use. During the year production of sponge iron, steel billets and power was Nil (Last year Nil) as the Plant as a whole was shut down. During the year the Company has purchased electricity 751200 units (764880 Units) from NESCO amounting to ₹ 55.71 lacs (₹ 72.47 lacs). The Company has earned foreign exchange of ₹ 132.40 lacs (₹ 71.06 lacs) by sale of Technology.

iv) Outlook:

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

v) Risks and concerns:

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

Contingent liabilities have been disclosed under Note No. 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:

Due to continuing shut down of plant operations since June 2012, the Company continued to incur loss. Loss after tax this year amounted to ₹ (8013.11 lakhs) as compared to ₹ 4129.25 lakhs in 2013-14. Total income however increased to ₹ 259.42 lakhs (₹ 83.76 lakhs) due to earnings in foreign exchange on sale of technology amounting to ₹ 132.40 lakhs (₹ 71.06 lakhs). There was neither any production nor sale of power during the year as well as the previous year. Deferred Tax Assets of ₹ 1676.54 lakhs (₹ 2785.19 lakhs) has been considered in the Annual Accounts as sufficient taxable profit in future years is envisaged.

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

The man power strength of the Company reduced to 472 employees as on 31.03.2015 as compared to 519 as on 31.03.2014 due to resignation, retirement, termination and death of some employees. Lockout of the plant declared on 14.10.2012 due to illegal strike by the Workers' union was lifted on 30.12.2013 following settlement with them on 27.12.2013.

ix) Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

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

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

2. Board of Directors:

The Company has a Whole Time Executive Vice Chairman & Managing Director and a Whole Time Executive Director both representing the promoters' viz Torsteel Research Foundation in India (TRFI), Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) has nominated a Non Executive Director on the Board. The promoters i.e. TRFI and IPICOL have nominated three directors and one director respectively. 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 as on 31st March, 2015 :

Name of Directors	Category	Attendance in Board Meeting	Whether attended the last AGM held on 26th Sept. 2014	Directorship in other Public Limited Companies #	No. of Membership / Chairmanship of the Committees held in other Public Limited Companies #
1. Dr. P. K. Mohanty	Vice Chairman and Managing Director (TRFI Nominee)	4	Yes	8	-
2. Mr. P. C. Mohanty (See Note No.C(1) below)	Non Executive (IPICOL Nominee)	2	No	-	-
3. Mr. B. K. Sarkar	Non Executive (Independent)	2	No	-	-
4. Mr. S. K. Khetan	Non Executive (Independent)	1	Yes	2	-
5. Mr. M. Mohanty	Executive Director (TRFI Nominee)	1	Yes	6	-
6. Mr. A. K. Mukherjee	Non Executive (Independent)	4	No	-	-
7. Mr. S. H. Gupta (See Note No.C(3) below)	Non Executive (TRFI Nominee)	-	No	-	-

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

Notes:

- (1) Dr. P. K. Mohanty and Mr. M. Mohanty are related to each other.
- (2) All the Directors are above 21 years of age.
- (3) The information as desired under Annexure IA to Clause 49 is being made available periodically to the Board.
- (4) Details of Directors seeking appointment/re-appointment in 35th Annual General Meeting are given with the Notice to the Annual General Meeting.

(B) Details of Board Meeting held during the financial year 2014-2015 :

Sl. No.	Date	Board Strength	No. of Directors present
1.	30.05.2014	8	4
2.	14.08.2014	8	4
3.	14.11.2014	8	3
4.	13.02.2015	7	3

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

(C) Change in Directorship during the financial year 2014-15 and thereafter :

- (1) IPICOL withdrew the nomination of Mr. G. Mathivathanan as Chairman & Director w.e.f. 26.12.2014 and Mr. P. C. Mohanty as Director w.e.f. 06.04.2015.
- (2) Mr. S. K. Kar, nominated by IPICOL as Director and Ms. Sonia Jabbar, nominated by TRFI as Women Director were appointed as Additional Directors at the Board Meeting held on 29.08.2015
- (3) TRFI has withdrawn the nomination of Mr. S. H. Gupta w.e.f. 01.04.2015

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3. Audit Committee:

The Board of Directors has reconstituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 177 of the Companies Act, 2013, 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 includes review of Financial Results, Audit Reports, Internal Control System & Procedures, reviewing of company matters with Internal Auditor and Statutory Auditors etc.

Committee Meeting were held on 29.05.2014, 14.08.2014, 14.11.2014 and 09.02.2015. In all Four Meetings of the Committee were held during the year.

Mr. B.K.Sarkar, an Independent Director is the Chairman of the Audit Committee.

The composition of the Audit Committee as on 31.03.2015 and the attendance of each committee member during the year is as given hereunder:

Name of the Director	Category	No. of Audit Committee Meeting held	No. of Audit Committee Meeting Attended
Mr. B. K. Sarkar	Non Executive & Independent	4	3
Mr. S. K. Khetan	Non Executive & Independent	4	1
Mr. A. K. Mukherjee	Non Executive & Independent	4	4
Mr. P. C. Mohanty	Nominee Director	4	1

4. Nomination and Remuneration Committee:

The Remuneration Committee was reconstituted during the year as the Nomination and Remuneration Committee at the Board Meeting held on 14th November, 2014, to exercise powers and discharge functions as stipulated in Section 178(1) of the Companies Act, 2013, 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. The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board appointment/reappointment of Managing/Whole-time Directors, other Directors and Key Managerial Personnel and decide on the salary, perquisites and commission to be paid to them etc. along with evaluation of the remuneration policy of the Company.

One Committee Meeting was held during the year on 09.02.2015.

Mr. B. K. Sarkar, an Independent Director is the Chairman of the Nomination and Remuneration Committee.

The composition of the Remuneration Committee and the reconstituted Nomination and Remuneration Committee as on 31.03.2015 and the attendance of each committee member during the year is as given hereunder:

Name of the Director	Category	No. of Remuneration Committee Meeting held	No. of Remuneration Committee Meeting Attended
Mr. B. K. Sarkar	Non Executive & Independent	1	1
Mr. S. K. Khetan	Non Executive & Independent	1	-
Mr. A. K. Mukherjee	Non Executive & Independent	1	1
Mr. P. C. Mohanty	Non Executive Director nominated by IPICOL	1	-

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 to be followed by Directors, Officers and other Employees. No meeting of the Committee was held during the year 2014-15.

The composition of the Ethics Committee as on 31.03.2015 is as given hereunder:

Name of the Director	Category
Mr. B. K. Sarkar	Non Executive & Independent
Mr. S. K. Khetan	Non Executive & Independent
Mr. A. K. Mukherjee	Non Executive & Independent
Mr. P. C. Mohanty	Non Executive Director Nominated by IPICOL

Mr. B. K. Sarkar an Independent Director is the Chairman of the Ethics Committee.

6. Stakeholders Relationship Committee:

The Board at its meeting held on 14th November, 2014 reconstituted the earlier Shareholders' / Investors' Grievance Committee into Stakeholders Relationship Committee to exercise powers and discharge functions as stipulated in Section 178(5) of the Companies Act, 2013, 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. This Committee primarily looks after the redressal of investors' complaints as well as share transfers.

Mr. B. K. Sarkar, an Independent Director is the Chairman of the Stakeholders Relationship Committee.

The composition of the Shareholders' / Investors' Grievance Committee and the reconstituted Stakeholders Relationship Committee as on 31.03.2015 and attendance of each committee member during the year is as given hereunder:

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Name of the Director	Category	No. of Committee Meeting held	No. of Committee Meeting Attended
Mr. B. K. Sarkar	Non Executive & Independent	4	3
Mr. M. Mohanty	Executive Director	4	3
Dr. P. K. Mohanty	Vice Chairman & Managing Director	4	4

7. Risk Management Committee:

In compliance with the requirement of the amended Clause 49 of the Listing Agreement, the Board at its meeting held on 9th February, 2015 constituted a Risk Management Committee to exercise powers and discharge functions as stipulated in Clause 49(VI) of the Listing Agreement. The function of the Committee is to inform the Board members about the risk assessment and minimization procedures, monitor and review the risk management plan and to perform other relevant functions in this connection. No meeting of the Committee was held during the year 2014-15.

The composition of the Risk Management Committee as on 31.03.2015 is as given hereunder:

Name of the Director	Category
Dr. P. K. Mohanty	Vice Chairman & Managing Director
Mr. Munir Mohanty	Whole-time Director

Dr. P. K. Mohanty, Managing Director is the Chairman of the Risk Management Committee. No formal meeting was held during the year.

8. Board Evaluation :

(1) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, and the criteria laid down by the Nomination and Remuneration Committee the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committee, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees. Board culture, execution and performance of specific duties, obligations and governance.

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

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

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

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

- The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the Independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The N&R Committee shall consider qualification, expertise and experience of the Directors in their respective fields; personal, Professional or business standing; diversity of the Board etc, whilst recommending to the Board the candidature for appointment as Director.
- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.
- At the first meeting attended by the newly appointed Director, a brief training session in the form of familiarization with the business activities of the Company is imparted. The Company Secretary also briefs the Directors about the prevailing provisions of the Companies Act, 2013; the Rules made there under; provisions of the listing agreement in respect of corporate governance, SEBI Guidelines etc. concerning the Directors.

(ii) Remuneration to Non Executive Directors

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

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

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

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Remuneration Policy for the Managing Director/Executive Director

- i. At the time of appointment or re-appointment, the MD/ED shall be paid such remuneration as may be permitted under the Companies Act, 2013 and mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the MD/ED within the overall limits prescribed under the Companies Act, 2013.

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- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
 - iii. The remuneration of the MD/ED is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises commission.
 - iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the MD/ED, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs.
- 3. Remuneration Policy for the Key Managerial Personnel/Senior Management Employees**
- I. In determining the remuneration of the Senior Management Employees (i.e KMPs and Executive Committee Members) the N&R Committee shall ensure/consider the following:
 - i. the relationship of remuneration and performance benchmark is clear;
 - ii. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.
 - II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

9. Payment to Directors:

The Directors of the Company excluding Whole-time Directors have been paid sitting fees for attending meetings of the Board of Directors and Committee of Directors. The details of the payment made to the Directors during the financial year 2014-2015 are as follows:

Name of the Director	Executive / Non- Executive	Sitting Fees (₹)	Remuneration (₹)
Mr. P. C. Mohanty (See Note No. 1)	Non Executive	30,000	-
Mr. B. K. Sarkar (3)	Non Executive	62,000	-
Mr. S. K. Khetan	Non Executive	20,000	-
Mr. A. K. Mukherjee (3)	Non Executive	83,000	-
Dr. P. K. Mohanty	Executive	-	22,865
Mr. M. Mohanty (See Note No. 2)	Executive	-	13,38,330

Notes :

(1) Sitting Fees to Directors nominated by IPICOL are paid to IPICOL.

(2) Remuneration shown against Mr. Munir Mohanty represents amount due and payable to him but not yet paid.

(3) Includes Sitting Fees of ₹ 3,000 each paid to Mr. B. K. Sarkar and Mr. A. K. Mukherjee after 31.03.2015.

10A. Compliance Officer

Name : Not yet appointed, However correspondence may be addressed to the Corporate Office at the address given below :
 Address : CIC Building, 11th Floor, 33A Jawaharlal Nehru Road, Kolkata - 700 071
 Phone No. : 033-22883910-16
 Fax No. : 033-22272511
 E-mail : corporate@orissasponge.com
 Company Website : www.orissasponge.com

10B. 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	-
Non-Receipt of Bonus Share Certificates	1
Non-Receipt of Annual Report	3

Orissa Sponge Iron & Steel Limited

11. General Body Meetings:

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

Year	Type	Location	Date	Time	No. of Special Resolutions
2011-12	32nd AGM	Bhubaneswar	14.09.2012	10.00 a.m	None
2011-12	EGM	Bhubaneswar	09.11.2012	11.00 a.m.	None
2012-13	33rd AGM	Bhubaneswar	27.09.2013	11.00 a.m.	None
2013-14	34th AGM	Bhubaneswar	26.09.2014	11.00 a.m.	None

Special Resolution passed in previous three AGM/EGM : NIL

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

12. 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) Matters relating to Stock Exchange, SEBI, Capital Market:
- (1) Listing fee to the Stock Exchanges due for the financial year 2015-16 could not be paid.
 - (2) BSE has imposed penalty of ₹ 1,124 for non submission of the Annual Report for Financial Year 2013-14 and ₹ 27,360 for Financial Year 2014-15 within the period prescribed under Clause 31; ₹ 85,500 and ₹ 171,000 and ₹ 1,14,500 for non submission of financial results within the prescribed period under Clause 41 and ₹ 57,000 under SEBI Circular dated 17.04.2014.
 - (3) Out of 105 Lakhs Share Warrants issued by the Company in earlier years 70 lakhs warrants have been converted in to equity shares. Out of the shares so converted rights attached to 30 lakh shares cannot be exercised as the matter is subjudice. Conversion of the remaining 35 lakhs warrants into equity is also subjudice.
 - (4) The Company issued 200,00,000 10 % Cumulative Non Convertible Redeemable Preference Shares of Rs. 10 each amounting to ₹20 crores on private placement during the year. These Shares are redeemable on the expiry of 12 years from the date of allotment. These shares are not listed.
- (c) 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.
- (d) The Company has formed a Whistle Blower Policy/Vigil Mechanism as required under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The said Policy may be referred to at the Company's Website.
- (e) Compliance of mandatory requirements and adoption of non mandatory requirements :
The Company has complied with all the mandatory and non mandatory requirements of the Cause 49 of the Listing Agreement.
- (e) Proceeds from public issues, right issues, preferential issues etc. :
A sum of ₹20 crores has been received by the Company against issue of 200,00,000 (Two Crores) 10 % Non Convertible Cumulative Redeemable Preference Shares of ₹10 each amounting to ₹ 20 crores.

13. 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 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.

14. General Shareholder information:

- (a) 35th Annual General Meeting:
- | | |
|-------|---|
| Day | : Friday |
| Date | : 19.02.2016 |
| Time | : 11.00 a.m. |
| Venue | : Hotel Grand Central, Old Station Road, Bhubaneswar - 751006 |
- (b) Financial Calendar for 2015-16 (Partly Tentative)
- | | | |
|--|---|----------------------------|
| Board Meeting for unaudited financial results for the quarter ended 30th June, 2015 | – | 2nd January 2016 |
| Board Meeting for unaudited financial results for the quarter ended 30th September, 2015 | – | 2nd January 2016 |
| Board Meeting for unaudited financial results for the quarter ended 31st December, 2015 | – | 2nd Week of February, 2016 |
| Board Meeting for audited financial results for the quarter and year ending 31st March, 2016 | – | Last Week of May, 2016 |
- (c) Annual Accounts 2015-2016
May, 2016
- (d) Date of Book Closure
12.02.2016 to 19.02.2016 (both days inclusive)
- (e) Listing on Stock Exchange
- (i) Bombay Stock Exchange
 - (ii) Calcutta Stock Exchange (applied for de-listing)
 - (iii) National Stock Exchange (applied for listing)

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- (m) Shares held by Non-Executive Directors:
Non-Executive Directors do not hold any shares in the Company.
- (n) Subsidiary Company:
Bamra Iron & Steel Company (India) Ltd. has been struck off from the Register of Companies as per the Order issued by the Registrar of Companies Odisha. Consequently, the Company has no subsidiary on the Reporting date.
- (o) Dematerialization of Shares:
As per SEBI's direction, the Company has signed tripartite agreements with both NSDL & CDSL and Registrar & Transfer Agent. Accordingly, dematerialization facility for the shares of the Company is available and it is in the interest of all the shareholders to convert their physical holdings into the electronic holdings by dematerialization.
During the year the Company received 57 cases for dematerialization comprising of 11,494 shares. As on 31st March, 2015, 2,35,78,274 shares were held in dematerialized form which constitute 87.33 % of total number of subscribed shares.
- (p) Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity : NIL

15. 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.

Company Website : www.orissasponge.com

In addition to being the Registered Office, this office also provides project & engineering services to the Company and other customers.

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.

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: 22883910 to 3916, Fax : 033-22272511.

E-mail: corporate@orissasponge.com

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

16. 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 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 31.03.2015 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, 2013 read with the Rules and Regulations issued there under and to the extent feasible and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

Orissa Sponge Iron & Steel Limited

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. N. C. Sinha, Senior Officer, Secretarial, Orissa Sponge Iron & Steel Limited, CIC Building, 11th Floor, 33A Jawaharlal Nehru Road, Kolkata - 700071, Phone : 033-22883910-16, Fax : 033-22272511, E-mail : corporate@orissasponge.com

Certificate on Compliance with the condition 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, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a 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, except, as mentioned herein below :

1. The Company does not have a full - time Company Secretary in employment ;
2. The Company does not have the requisite number of Independence Directors in the Board.

We have been explained that no investor grievances are pending for a period exceeding one month as at 31st March, 2015 against the Company. We further state such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For A. K. Labh & Co.
Company Secretaries

CS A. K. Labh
Proprietor
C.P. 3238

Place : Kolkata
Dated : 02.01.2016

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: Kolkata
Dated: 02.01.2016

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

Orissa Sponge Iron & Steel Limited

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015

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

To,
The Members,
ORISSA SPONGE IRON & STEEL LIMITED
OSIL House Gangadhar Meher Marg
Bubaneswar - 751024

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

Based on my verification of the ORISSA SPONGE IRON & STEEL LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by ORISSA SPONGE IRON & STEEL LIMITED, ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - A) Non- Compliance :
 - (i) Woman Director under Section 149 of the Companies Act, 2013 appointed in the board on 29th August, 2015 beyond the stipulated time i.e. 31st March, 2015.
 - (ii) Company Secretary under Section 203 of the Companies Act, 2013 was not appointed within stipulated time i.e. 31st July, 2015.
 - B) Ongoing Litigations:
 - (i) Petition filed by S. C. Padhee against Company u/s 439 of the Companies Act, 1956 for Winding up of the Company. The COPET Court has not met since then. COPET filed by Paradeep Oxygen Pvt. Ltd. u/s 433, 434 & 439 of the Companies Act 1956 but no progress of Case.
 - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
 - (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
 - (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;Non- Compliance : Non- Appointment of Compliance Officer.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (v) Corporate Governance Voluntary Guidelines- 2009 issued by the Ministry of Corporate Affairs, Government of India;
 - (vi) Minimum Wages Act, 1948;
 - (vii) Payment of Bonus Act, 1965;
 - (viii) Payment of Gratuity Act, 1972;
 - (ix) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
 - A) Non- Compliance - : Provident Fund dues as on 31.03.2015 amount to ₹ 2,15,14,601/- & Employees Pension dues amount to ₹ 55,36,952/- are unpaid.
 - B) Ongoing Litigation- Regional Provident Fund Commissioner, Keonjhar has initiated case against Company demanding ₹ 16.08 lakhs u/s 7Q & 14 B of the Act.
 - (x) Employees State Insurance Act, 1948;
 - (xi) Competition Act, 2002;
 - (xii) Factories Act, 1948;
 - (xiii) Industrial Dispute Act, 1947;

Orissa Sponge Iron & Steel Limited

A) Ongoing Litigations:

- (i) Petition filed by Company at the Orissa High Court against Order of Industrial Tribunal in the matter of claim amount u/s 17 (B) of the Act filed by an Employee.
- (ii) Writ Petition filed by 11 Officers of the Company in the Orissa High Court u/s 25N and 25F of the Act. Case being Contested.

(xiv) Workmen's Compensation Act, 1923;

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

(xvi) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002: Possession Notice: State Bank of India SAMB Bhubaneswar, Bank of India Kolkata Mid Corporate Branch and Punjab National Bank Bhubaneswar have issued Possession notice u/s 13(2) of the Act on the Property of the Company against Default in Repayment of ₹ 209,83,31,257.50/- .

I have also examined compliance with the applicable clauses of the following: (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

- A) The Board of Directors not having adequate No. of Independent Directors as per Clause 49.
- B) The Company paid a penalty of Rs 1124/- for the non-compliance of the Clause 31.
- C) The Company has not submitted the Audited Financial Result for the March Quarter, 2015. SEBI has issued a letter depicting an amount of fine of ₹ 85,500/- to the Company on June 17, 2015.
- D) The Listing Fees not paid for the FY 2015-16 to the Stock Exchange.

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

I further report that

The Board of Directors of the Company is not duly constituted due to inadequate No. of Independent Directors and the Non-Appointment of Company Secretary & Compliance Officer. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except with the following Statutory Dues Outstanding as on 31st March 2015:

- I. Dues of Central Sales Tax, Orissa Sales Tax and Entry Tax amounting to ₹ 30.91 Lakhs and Provident Fund Dues to the extent of ₹ 199.54 Lakhs.
- II. The Central Excise Dept. has claimed ₹ 4.40 Lakhs against which Co. has preferred appeal before CESTAT (Customs, Excise and Service Tax Appellate Tribunal).

Place: Kolkata
Date: 10.12.2015

Disha Dugar
Practicing Company Secretary
FCS No. 8128
C PNo.: 10895

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, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 materials misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place on adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion on the financial statements.

OPINION

8. 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, of the state of affairs of the Company as at 31st March, 2015 and its loss and its cash flows for the year ended on the date.

EMPHASIS OF MATTER

9. Without qualifying our opinion we draw attention on the following :
 - (a) The Company has suspended the production in June 2012; incurred a net loss of ₹ 8,013.13 lacs during the year ended 31st March, 2015 and the accumulated losses as of that date amount to ₹ 36,072.70 lacs, the Company's net worth has become negative; the current liabilities exceeded its current assets by Rs 33,734.02 lacs; the company defaulted in repayment of term loan and cash credit facilities and SBI, BOI and PNB have taken possession of all the assets at the plant under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI); These conditions indicate the existence of material uncertainty that may cause significant doubt about the company to continue as a going concern.
 - (b) Referring to Note No. 12(1) of Notes on Accounts to the financial Statement wherein the company has considered deferred tax assets of ₹ 12730.82 lacs including Rs. 1676.54 lacs for the current year on the assumption that the Company will be able to earn sufficient profit in future in future years to recoup the carry forward of losses, when, Iron ore will be available from captive mines. We cannot comment on the certainty of the future profits.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the Companies (Auditor's Report) Order 2015 issued by the Central Government of India in terms of sub-section 143(11) 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 3 and 4 of the order.

Orissa Sponge Iron & Steel Limited

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

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
- c) The Balance Sheet, 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 aforesaid financial statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31 March, 2015, taken on the record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
 - (i) The Company has disclosed the impact, if any, of pending litigations as on 31st March 2015 on its financial positions in its financial statements as referred to in Note 30(A) of the Notes on Accounts to the Financial Statements.
 - (ii) The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses.
 - (iii) There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

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

L. N. More
Partner
Membership No. 011485

Place: Bhubaneswar
Dated: 29th August, 2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Orissa Sponge Iron & Steel Limited ("the Company") on the financial statements as of and for the year ended 31st March, 2015.

We report that:

1. (a) The Company is maintaining 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.
2. (a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable.
(b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of the business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noted on physical verification between the physical stocks and the book records were not material.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the provisions of Clause (3) (iii) (a) and (b) of the said Order are not applicable to the Company.
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. The Company has not accepted any deposits from the Public within the meaning of Section 73 to 76 of the Act or any other relevant provisions of the Act and Rules framed there under.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 148 (1) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. However we have not made a detailed examination of such records.
7. (a) According to the information and explanations given to us and except **Central Sales Tax, Orissa Sales Tax and Entry Tax liability totaling ₹ 30.91 lakhs**, and Provident Fund dues to the extent of ₹ 199.54 lacs no undisputed dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they become payable.

Orissa Sponge Iron & Steel Limited

- (b) There are no disputed dues which have remained unpaid as on 31st March, 2015 on account of Income Tax, value added tax, duty of excise of customs, sales tax, wealth tax, service tax, cess except as follows :

Name Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where Dispute is pending
Income Tax	3.27	2006-07	Petition u/s 154 before Assessing Authority
Income Tax	1.00	2009-10	Appeal u/s. 246 before Commissioner of Income Tax (Appeals), Bhubaneswar
Central Excise	96.08	2005-06 to 2010-11	Commissioner of Appeals Central Excise
Central Excise	59.25	2004-05 to 2007-08	Additional Commissioner Central Excise
Orissa Sales Tax & VAT	817.44	1985-86 to 2006-07	Various Authorities
Central Excise Tax	2495.87	1985-86 to 2006-07	Various Authorities

- (c) Based on the information and explanation obtained, the company has no liability or requirement to transfer any amount to the Investor Education and Protection Fund in accordance with the relevant provisions of the Act and the Rules framed there under.

8. The Company has accumulated loss at the end of the financial year which has eroded the entire net worth. It has incurred cash loss in the current financial year and the year immediately preceding the current financial year.
9. The Company has defaulted in repayment of dues to its bankers and financial institutions as on 31st March, 2015 as detailed below :-

Term Loan from Banks	Details	Rs. in lakhs		Rs. in Lakhs	
Name of Bank		Amount of Default as on 31.03.2015	Default has Started since	Amount of Default as on 31.03.2014	Default has Started since
State Bank of India (SBI)	Principal	3635.00	January-11	3635.00	January-11
	Interest	3380.31	April-11	2417.60	April-11
Punjab National Bank (PNB)	Principal	1672.77	October-11	760.30	October-11
	Interest	1138.51	August-11	939.20	August-11
Bank of India (BOI)-WCTL	Principal	94.45	April-13	12.00	April-13
	Interest	47.73	November-12	23.46	November-12
Term Loan from Other Parties :					
Indian Renewable Energy Development Agency Limited (IREDA)	Principal	2989.67	June-11	1968.32	June-11
	Interest	3231.17	June-11	2086.03	June-11
Edelweiss Asset Reconstruction Company Limited (EARC)	Principal	1323.00	March-11	1323.00	March-11
	Interest	1425.05	April-11	846.17	April-11
Cash Credit from Banks :					
State Bank of India		6814.82	April 2011	6714.13	April-2011
Bank of India		552.85	March-2013	552.85	March-2013
Cash Credit from Other Parties					
Edelweiss Asset Reconstruction Company Limited		855.91	July-2011	855.91	July-2011

SBI, BOI, PNB and EARC have issued notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recall of their outstanding dues.

10. According to the information and explanations given to us, the Company has given guarantee for loans taken by an associate company from banks or financial institutions, terms and conditions whereof are not prejudicial to the interest of the Company.
11. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which it was raised.
12. During the course of our examination of the books of 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: 29th August, 2015

Orissa Sponge Iron & Steel Limited

BALANCE SHEET AS AT 31ST MARCH, 2015

	Notes No.	31st Mar, 2015 ₹ / lacs	31st Mar, 2014 ₹ / lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	4,700.00	2,700.00
Reserves & Surplus	4	204.38	8,419.88
Money received against Share Warrant	5a	601.50	601.50
Advance received for issue of Preference Share	5b	—	2,000.00
		<u>5,505.88</u>	<u>13,721.38</u>
Non-current Liabilities			
Long-term Borrowings	6	2,000.00	3,703.70
Long-term Provisions	7	84.39	106.98
		<u>2,084.39</u>	<u>3,810.68</u>
Current Liabilities			
Short-term Borrowings	8	8,344.82	8,258.35
Trade Payables	9	2,337.36	2,327.78
Other Current Liabilities	9	34,388.10	25,172.59
Short-term Provisions	7	959.79	874.40
		<u>46,030.07</u>	<u>36,633.12</u>
TOTAL		<u>53,620.34</u>	<u>54,165.18</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	31,813.43	32,961.43
Intangible Assets	10A	237.96	231.80
Capital Work-in-Progress	10	3,550.90	3,547.59
Non-current Investments	11	402.23	477.22
Deferred Tax Assets (Net)	12	12,730.82	11,054.28
Long-term Loans and Advances	13	933.79	1,126.92
		<u>49,669.13</u>	<u>49,399.24</u>
Current Assets			
Current Investments	14	12.20	11.14
Inventories	15	2,710.16	3,227.32
Trade Receivables	16	148.08	148.08
Cash and Cash Equivalents	17	90.80	306.93
Short-term Loans and Advances	13	989.97	1,072.47
		<u>3,951.21</u>	<u>4,765.94</u>
TOTAL		<u>53,620.34</u>	<u>54,165.18</u>
Significant Accounting Policies Notes on Financial Statements	1 to 39		

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: Cuttack
Dated: 29th August, 2015

M. Mohanty
Director & CFO

For and on behalf of the Board

B. K. Sarkar, Director
A. K. Mukherjee, Director
S. K. Kar, Director
Dr. P. K. Mohanty, Vice Chairman
& Managing Director

Orissa Sponge Iron & Steel Limited

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes No.	2014-2015 ₹ / lacs	2013-2014 ₹ / lacs
INCOME			
Revenue from Operations	18	175.37	28.09
Other Income	19	84.05	55.67
Total Revenue		<u>259.42</u>	<u>83.76</u>
EXPENDITURE			
Cost of Materials Consumed	20	-	-
Change in inventories of finished goods	21	-	-
Employees Benefit Expenses	22	1,092.01	1,500.21
Finance Cost	23	6,711.76	4,609.47
Depreciation & Amortisation Expenses	24	940.76	228.92
Other Expenses	25	1,044.29	659.60
Total Expenses		<u>9,788.82</u>	<u>6,998.20</u>
(Loss) before exceptional and extraordinary items and tax		(9,529.40)	(6,914.44)
Exceptional items	37	160.25	-
(Loss) for the year before tax		(9,689.65)	(6,914.44)
Tax Expense:			
Current Tax		Nil	Nil
Tax for earlier years		-	-
Deferred Tax - Assets		1,676.54	2,785.19
(Loss) for the year after tax		<u>(8,013.11)</u>	<u>(4,129.25)</u>
Basic & Diluted Earning per share (₹)	34	(29.68)	(15.29)
(Face value of ₹ 10 each)			
Significant Accounting Policies			
Notes on Financial Statements	1 to 39		

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: Cuttack
Dated: 29th August, 2015

M. Mohanty
Director & CFO

For and on behalf of the Board
B. K. Sarkar, Director
A. K. Mukherjee, Director
S. K. Kar, Director
Dr. P. K. Mohanty, Vice Chairman
& Managing Director

Orissa Sponge Iron & Steel Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	2014-15		2013-14	
	₹ / lacs	₹ / lacs	₹ / lacs	₹ / lacs
A. Cash Flow from Operating Activities				
Profit/(Loss) before tax	(9,689.67)		(6,914.44)	
Adjustments for:				
Depreciation	940.76		228.92	
Loss on Sale of Fixed Assets	1.08		1.34	
Bad debts/advances written off	72.95		0.64	
Provision for doubtful debts	191.68		136.11	
Interest & Other Financial charges	6,711.76		4,609.47	
Extra Ordinary Item	160.25		-	
Provision for diminution in value of long term Investments	-		2.97	
Liability Written back since not payable	(6.62)		(27.67)	
Interest received	(15.87)		(19.38)	
Operating loss before Working Capital changes	(1,633.68)		(1,982.04)	
Adjustment for				
Trade and other receivables	12.42		204.78	
Inventories	517.16		0.99	
Current maturities of long term debts	(1,700.12)		(1,331.36)	
Trade payable and other liabilities	2,451.94		1,731.89	
Cash Generated from Operation:	(352.28)		(1,375.74)	
Tax Paid	(1.31)		(3.89)	
Tax Refund	15.44		-	
Net Cash Flow from Operating Activities		(338.15)		(1,379.63)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(9.56)		(31.32)	
Sale of Fixed Assets	3.85		2.26	
Bank balance not considered as cash & cash equivalents	26.91		2.99	
Fixed Deposit Encashed	-		7.55	
Fixed Deposit Purchased	(3.94)		-	
Purchase of Investment	(1.07)		-	
Net Cash Flow from Investing Activities		16.19		(18.52)
C. Cash Flow from Financing Activities				
Payment of Bank Guarantee Invoked	(100.80)		-	
Proceeds from long term borrowings	-		92.81	
Proceeds from Short term borrowings	86.47		101.99	
Proceeds from Advance against Preference Shares	-		2,000.00	
Repayment against long term borrowings	(3.58)		(94.45)	
Inter Corporate Deposit	209.59		(340.00)	
Finance cost paid	(78.74)		(376.57)	
Interest Received	15.87		19.38	
Net Cash used in Financial Activities		128.81		1,403.17
Net (Decrease)/Increase in Cash and cash equivalent		(193.15)		5.02
Cash and cash equivalent at the beginning of the year		215.36		210.34
Cash and cash equivalent at the end of the year		22.21		215.36

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: Cuttack
Dated: 29th August, 2015

M. Mohanty
Director & CFO

For and on behalf of the Board
B. K. Sarkar, Director
A. K. Mukherjee, Director
S. K. Kar, 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

- a. Orissa Sponge Iron & Steel Limited was incorporated in the year 1979. The Company established manufacturing facilities to produce Sponge Iron, Steel Billets and Power at its works at Palaspanga, Dist Keonjhar, Odisha. The Company also provides engineering and technical services.
- b. The Company suspended production from June, 2012 due to unviable cost economics and continuing losses. In the present scenario viability of the Company is largely dependent on availability of raw material from captive sources.
- c. State Bank of India on behalf of itself, Bank of India and Punjab National Bank have issued Possession Notice dated 24.04.2015 under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) as per their demand for recall of loan issued under Section 13(2) of the Act earlier could not be paid by the Company. As it stands, aforesaid banks have taken possession of the property described in the notice. In addition, State Bank of India and Edelweiss Asset Reconstruction Company Limited have also filed application under Section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Debt Recovery Tribunal (DRT).
- d. The Company has made representation before all the lenders explaining the reasons for the current state of affairs and the action plan for revival of the Company in the near future. The Company is hopeful of receiving favorable response from the lenders for a comprehensive debt restructuring and working capital facility in view of the iron ore mines allotted to the Company which on commencement of mining operations has the potential to turnaround the Company into a profitable unit in the near future.
- e. The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfilment of conditions as specified in the respective documents. The Company has received all approvals and clearances including State I Clearance from the Ministry of Environment and Forest and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights Act), 2006 and are presently awaiting Stage II Clearance on receipt of which lease agreements could be executed for commencement of mining operations. Availability of iron ore from captive mines will permit production at higher capacity and significant improve profitability of the Company.
- f. Despite stoppage of plant operations since 2012 due to unviable cost economic business situation, the Project and Engineering Division continued to operate and generate revenue from sale of technology during the year.
- g. Having regard to the aforesaid developments, the Company has the potential to turnaround and revive as a profitable unit and accordingly the financial statements have been prepared on historical cost basis as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES:

I. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

II. Use of estimates

The preparation of financial statements in conformity with Indian 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 results 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 dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of 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 Nation Framework Convention on Climate Change (UNFCCC).

IV. Tangible Assets

All tangible assets are stated at cost or at revalued amount less accumulated 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 on tangible fixed assets have been provided on the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013. 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

Orissa Sponge Iron & Steel Limited

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.

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 on the date of transaction. Monetary assets or liabilities in currency 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 virtual 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 generating unit).

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	31st March, 2015 ₹/ lacs	31st March, 2014 ₹/ lacs
3. SHARE CAPITAL		
Authorised		
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
	<u>8,000.00</u>	<u>8,000.00</u>
Issued, Subscribed and Paid up		
2,70,00,000 (2,70,00,000) Equity Shares of ₹ 10 each	2,700.00	2,700.00
2,00,00,000 (Nil) 10 % Redeemable Preference Shares of ₹ 10 each	2,000.00	-
	<u>4,700.00</u>	<u>2,700.00</u>

- 3.1 10,80,122 (10,80,122) Equity Shares were allotted as fully paid up bonus shares by capitalisation of share premium.
95,98,916 (95,98,916) Equity Shares were issued on conversion of share warrants.
55,00,000 (55,00,000) Equity Shares were allotted on preferential basis.
2,00,00,000 (NIL) Cumulative Redeemable Preference Shares were allotted on Private Placement.

3.2 The reconciliation of Number of Shares:	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	₹/ lacs	No. of Shares	₹/ lacs
Issued, Subscribed and fully Paid up				
Equity Share				
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	<u>27,000,000</u>	<u>2,700.00</u>	<u>27,000,000</u>	<u>2,700.00</u>
Preference Share				
At the beginning of the year	-	-	-	-
Issued during the year	20,000,000	2,000.00	-	-
At the end of the year	<u>20,000,000</u>	<u>2,000.00</u>	<u>-</u>	<u>-</u>

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.
The rights attached to 30 lakh equity shares out of warrant conversion has been restrained by the Delhi High Court till disposal of the matter.
- b) Preference Shares
The Company has issued 2 crores 10 % Cumulative Non convertible Redeemable Preference Shares of ₹10 each at par amounting to ₹20 crores or by private placement redeemable on the expiry of 12 years from the date of issue. The shares were allotted to Monet Ispat & Energy Limited amounting 19.51 crores and Torsteel Services Private Limited (a relative party) amounting to ₹49 lakhs. These shares are not listed.

3.4 The details of Shareholders holding more than 5 % shares

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% held	No. of Shares	% held
Equity Shares				
Monnet Ispat & Energy Limited	9,494,633	35.17	9,494,633	35.17
TRFI Investment Private Limited	3,682,190	13.64	3,682,190	13.64
Bhusan Energy Limited	3,554,692	13.17	3,554,692	13.17
Dr. Prasanta Kumar Mohanty - Torsteel Research Foundation in India	2,550,589	9.45	2,550,589	9.45
Industrial Promotion & Investments Corporation of Orissa Limited	1,455,999	5.39	1,455,999	5.39
Redeemable Preference Shares				
Monet Ispat & Energy Limited	19,510,000	97.55	-	-

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	31st March, 2015		31st March, 2014	
	₹/ lacs	₹/ lacs	₹/ lacs	₹/ lacs
4. RESERVES AND SURPLUS				
Capital Reserve				
As per last Account		0.46		0.46
Securities Premium Reserve				
As per last Account		22,629.34		22,629.34
Revaluation Reserve				
(Arising out of Revaluation of Fixed Assets)				
As per last Account	12,004.55			324.77
Less: Withdrawn	29.49			32.02
	11,975.06			292.75
Addition during the year on revaluation of land	-			11,711.80
		11,975.06		12,004.55
General Reserve				
As per last Account		1,672.23		1,672.23
Surplus / (Deficit)				
Profit & Loss Account :				
As per last Account (deficit)		(27,886.70)		(23,757.45)
Add : Adjustment relating to Fixed Assets (Refer Note No. - 10(6))		(172.90)		-
Add : Loss transferred from Profit and Loss Statement		(8,013.11)		(4,129.25)
		(36,072.71)		(27,886.70)
		204.38		8,419.88
5. a) 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 issue relating to conversion of share warrants to equity has been referred to Securities Appellate Tribunal (SAT) and the decision is awaited.				
6. LONG TERM BORROWINGS				
	As at 31st March, 2015		As at 31st March, 2014	
	Non current	Current	Non current	Current
	₹/ lacs	₹/ lacs	₹/ lacs	₹/ lacs
Term Loans: Secured				
a) From Banks				
State Bank of India	-	3,635.00	-	3,635.00
Punjab National Bank	-	1,672.77	608.35	1,064.42
Bank of India - WCTL	-	94.45	70.45	24.00
	-	5,402.22	678.80	4,723.42
b) From Other parties				
Indian Renewable Energy Development Agency Limited (IREDA)	2,000.00	2,931.69	3,021.32	1,910.37
Funded Interest on Term Loan	-	1,079.36	-	1,079.36
Edelweiss Asset Reconstruction Co. Ltd (EARC)	-	1,323.00	-	1,323.00
	2,000.00	5,334.05	3,021.32	4,312.73
c) Other loans and advances				
Finance lease obligation	-	1.58	3.58	1.64
Inter Corporate Deposit	-	219.65	-	10.00
	-	221.23	3.58	11.64
Total (a + b + c)	2,000.00	10,957.50	3,703.70	9,047.79
6.1	During the year State Bank of Bikaner and Jaipur (SBBJ) have assigned the financial exposure taken in the Company by transfer of debts, rights and obligations to Edelweiss Asset Reconstruction Company Limited (EARC) vide their letter dated 24.07.2014.			
6.2	All the lenders of Term Loan except IREDA viz. SBI, BOI, PNB & EARC have issued loan recall notice to the company under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 during the year. Consequently term loan repayments due and payable to SBI, BOI & PNB have been shown under current maturity.			

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

6.4 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	(₹/ lacs)				
	Current	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
Term Loans from Banks					
State Bank of India	3,635.00	-	-	-	-
Punjab National Bank	1,672.77	-	-	-	-
Bank of India - WCTL	94.45	-	-	-	-
	<u>5,402.22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Indian Renewable Energy Development Agency Limited	4,011.05	1,000.00	1,000.00	-	-
Edelweiss Asset Reconstruction Co. Ltd.	1,323.00	-	-	-	-
	<u>10,736.27</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>-</u>	<u>-</u>

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

Term Loan from Banks:

Name of Bank		Amount of Default as on 31.03.2015	Default has started since	Amount of Default as on 31.03.2014	Default has started since
State Bank of India	Principal	3,635.00	January 2011	3,635.00	January 2011
	Interest	3,380.31	April 2011	2417.60	April 2011
Punjab National Bank	Principal	1,672.77	October 2011	760.30	October 2011
	Interest	1,138.51	August 2011	939.20	August 2011
Bank of India - WCTL	Principal	94.45	April 2013	12.00	April-13
	Interest	47.73	November 2012	23.46	November 2012
Term Loan from other parties:					
Indian Renewable Energy Development Agency Limited	Principal	2,989.67	June 2011	1,968.32	June 2011
	Interest	3,231.17	June 2011	2,086.03	June 2011
Edelweiss Asset Reconstruction Co. Ltd.	Principal	1,323.00	March-2011	1,323.00	March 2011
	Interest	1,425.05	April-2011	846.17	April 2011

6.6. The default due to lenders towards interest have increased during the year due to additional penal interest charged during the year since the date of NPA by the respective lenders.

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

7. PROVISIONS

	As at 31st March, 2015		As at 31st March, 2014	
	Long-term ₹/ lacs	Short-term ₹/ lacs	Long-term ₹/ lacs	Short-term ₹/ lacs
a) Provision for employee benefits				
Provision for gratuity	-	917.92	-	821.64
Leave encashment	84.39	26.40	106.98	37.29
b) Other Provisions				
Sales Tax & Entry Tax	-	15.47	-	15.47
	<u>84.39</u>	<u>959.79</u>	<u>106.98</u>	<u>874.40</u>

7.1 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
Carrying amount as at 01.04.2014	₹ 7.41 lacs	₹ 8.06 lacs
Provision made during the year	-	-
Amount used during the year	-	-
Unused amount reversed during the year	-	-
Carrying amount as at 31.03.2015	₹ 7.41 lacs	₹ 8.06 lacs
Nature of obligation	Demand of Entry tax	Demand for Sales tax
Expected timing of resultant outflow	On decision by the competent adjudicating authorities.	On decision by the competent adjudicating authorities.
Indication of uncertainty about those outflow	The above matters are under dispute with the authorities.	The above matters are under dispute with the authorities.
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.

8. SHORT TERM BORROWINGS	31.03.2015 ₹ / lacs	31.03.2014 ₹ / lacs
a) Cash Credit from Banks & Others : (Secured) (including interest not charged by banks)		
Bank of India	552.85	552.85
State Bank of India	6,814.82	6,714.14
Edelweiss Asset Reconstruction	855.91	855.91
b) Interest free loans and advances from related parties payable on demand (unsecured) (refer note 36)	121.24	135.45
	<u>8,344.82</u>	<u>8,258.35</u>

8.1 During the year State Bank of Bikaner and Jaipur (SBBJ) have assigned the financial exposure taken in the Company by transfer of debts, rights and obligations to Edelweiss Asset Reconstruction Company Limited (EARC) vide their letter dated 24.07.2014.

8.2 All the lenders of working capital to the Company viz. SBI, BOI, & EARC have issued loan recall notice to the Company under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 during the year.

8.3 Cash Credit from banks are sanctioned on a consortium basis by hypothecation of raw materials, finished goods, stores and spares, book debts etc. pari-passu secured charge on immovable properties and other fixed assets and also guaranteed by personal guarantee of vice-chairman of the Company (Dr. P. K. Mohanty). The above cash credit is repayable on demand and carries interest @15.75 % to 17.15 %.

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8.4 Details of default in repayment of Cash Credit (₹ in lacs)

Cash Credit from Banks & Others :

Name of Banks	As at 31.03.2015		As at 31.03.2014	
	Amount of Default ₹ /lacs	Default has started since	Amount of Default ₹ /lacs	Default has started since
State Bank of India	6,814.82	April 2011	6,714.13	April 2011
Bank of India	552.85	March 2013	552.85	March 2013
Edelweiss Asset Reconstruction	855.91	July 2011	855.91	July 2011

Interest due since the date of default is included under interest accrued and due on short term borrowings under the heading Other Liabilities.

	31.03.2015 ₹ / lacs	31.03.2014 ₹ / lacs
9. OTHER CURRENT LIABILITIES		
Trade payables*	2,337.36	2,327.78
Other liabilities		
Current maturities of long-term debts (Refer Note No. 6 a & b)	10,736.26	9,036.15
Current maturities of finance lease obligation (Refer Note No.6c)	221.23	11.64
Interest accrued and due on Term Loans	9,222.78	6,312.46
Interest accrued and due on Cash Credit	8,374.28	4,651.59
Advance against Order	2,897.35	2,940.64
Creditors for Capital Expenditure	343.62	344.02
Liability for other expenses	743.01	536.05
Liability for wages and salaries	1,136.71	752.22
Security Deposit & Tender Deposit	155.17	153.93
Other payables	557.69	433.89
	<u>34,388.10</u>	<u>25,172.59</u>
	<u>36,725.46</u>	<u>27,500.37</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.

Orissa Sponge Iron & Steel Limited

10. FIXED ASSETS

TANGIBLE ASSETS

As at 31.03.2015	Leasehold Land	Freehold Land	Building	Plant and Machinery	Furniture and Fixtures	Office Equipments	Computer	Vehicles	Total Tangible Assets
Cost at beginning of year	9,673.60	2,143.23	7,313.34	32,993.48	53.37	98.26	102.71	270.31	52,648.30
Additions	-	-	-	-	-	-	0.10	-	0.10
Disposals	-	-	-	-	7.21	6.44	-	23.04	36.69
Cost at end of year	9,673.60	2,143.23	7,313.34	32,993.48	46.16	91.82	102.81	247.27	52,611.71
Depreciation at beginning of year	-	-	2,563.50	16,748.15	37.97	60.32	93.76	183.17	19,686.87
Charge for the year	-	-	203.85	729.90	3.44	4.61	2.00	26.46	970.26
Disposals	-	-	-	-	6.89	2.80	-	22.06	31.75
Adjustment of Expired Assets	-	-	61.02	99.60	1.31	1.30	5.76	3.91	172.90
Depreciation at end of year	-	-	2,828.37	17,577.65	35.83	63.43	101.52	191.48	20,798.28
Net book value at beginning of year	9,673.60	2,143.23	4,749.84	16,245.33	15.40	37.94	8.95	87.14	32,961.43
Net book value at end of year	9,673.60	2,143.23	4,484.97	15,415.83	10.33	28.39	1.29	55.79	31,813.43

CAPITAL WORK-IN-PROGRESS

TANGIBLE ASSETS

As at 31.03.2014	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	7,313.34	32,993.48	56.55	99.81	120.60	275.93	40,964.74
Additions	9,654.72	2,057.08	-	-	0.70	2.95	0.39	-	11,715.84
Disposals	-	-	-	-	3.88	4.50	18.29	5.62	32.29
Cost at end of year	9,673.60	2,143.23	7,313.34	32,993.48	53.37	98.26	102.70	270.31	52,648.29
Depreciation at beginning of year	-	-	2,335.64	16,748.15	39.77	58.19	108.08	164.78	19,454.61
Charge for the year	-	-	227.86	-	1.91	3.73	3.97	23.47	260.94
Disposals	-	-	-	-	3.72	1.60	18.29	5.08	28.69
Depreciation at end of year	-	-	2,563.50	16,748.15	37.96	60.32	93.76	183.17	19,686.86
Net book value at beginning of year	18.88	86.15	4,977.70	16,245.33	16.78	41.62	12.52	111.15	21,510.13
Net book value at end of year	9,673.60	2,143.23	4,749.84	16,245.33	15.41	37.94	8.94	87.14	32,961.43

CAPITAL WORK-IN-PROGRESS

Note :

- Cost at the beginning of the year includes increase in valuation of ₹ 1,042.01 lacs and ₹ 5091.98 lacs in Buildings and Plant & Machinery respectively on Revaluation of Assets as at 31st March, 1993.
- Cost of Land at the beginning of the year includes increase in valuation of ₹ 11,711.80 lacs on Revaluation of Land as at 31st March, 2014.
- Depreciation includes of ₹ 812.97 lacs (₹ 782.48 lacs) and ₹ 5057.76 lacs (₹ 5057.76 lacs) in Building and Plant & Machinery respectively on increased value of assets due to revaluation.
- Fixed Assets includes vehicles acquired under finance lease with a Gross Block of ₹ 13.63 lacs (₹ 22.95 lacs), Accumulated Depreciation of ₹ 5.30 lacs (₹ 5.85 lacs) and Net Block of ₹ 8.33 lacs (₹ 17.10 lacs)
- Capital Work in progress includes captive power plant expansion ₹ 3,207.26 lacs (₹ 3,207.26 lacs)
- Pursuant to the provision of Companies Act, 2013 the Company has applied the estimated useful life of the assets as specified in Schedule II for calculation of depreciation. The written down value of Fixed Assets whose lives has expired as at 1st April 2014 have been adjusted in the opening Balance of Profit & Loss Account.

Orissa Sponge Iron & Steel Limited

10A INTANGIBLE ASSETS

(Intangible assets-in-progress)

Mining exploration and development expenses

	<u>₹ / lacs</u>
Opening Balance as at 01.04.2014	231.80
Additions during the year 2014-15	6.16
Closing Balance as at 31.03.2015	237.96
Opening Balance as at 01.04.2013	217.84
Additions during the year 2013-14	13.96
Closing Balance as at 31.03.2014	231.80

Note : On commencement of mining activities / extraction of materials from leased mines. this cost will be amortised.

	<u>31.03.2015</u>	<u>31.03.2014</u>
	<u>₹ / lacs</u>	<u>₹ / lacs</u>
11. NON-CURRENT INVESTMENTS		
Other Investment		
a) In Equity Shares - Unquoted, fully paid up		
(i) Investment in Associated Companies		
1,419,930 (1,419,930) Equity Shares of ₹ 10 each of Bilati (Orissa) Limited*	141.99	141.99
(ii) Investment in Subsidiary		
749,930 (749,930) Equity Shares of ₹ 10 each of Bamra Iron and Steel (India) Limited**	74.99	74.99
(iii) Others		
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
	<u>219.20</u>	<u>219.20</u>
Add / (Less) Provision for diminution in value of long term investments	(141.98)	(141.98)
Add / Less diminution in value of investment	(74.99)	-
* (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)	<u>2.23</u>	<u>77.22</u>
** Investment in the Equity Shares to Bamra Iron & Steel Company (India) Limited amounting to Rs. 74,99,300 has been written off being no longer recoverable as the said company has been struck off from the Register of Companies due to non operation as per order of the Registrar of Companies, Odisha.		
b) In Preference Shares - Unquoted, fully paid up		
40,00,000 (40,00,000) 6 % Preference Equity Shares of ₹ 10 each of Keonjhar Infrastructure Development Company Limited, Palaspanga	400.00	400.00
Total of (a) + (b)	<u>402.23</u>	<u>477.22</u>
11.1 ** Equity Share of Keonjhar Infrastructure Development Company Limited (KIDCO) amounting to ₹ 0.72 lacs (₹ 0.72 lacs) have been pledged with State Bank of India, Bhubaneswar as collateral security for loan granted to KIDCO.		

12. DEFERRED TAX ASSETS (NET)

Deferred Tax Liabilities

Depreciation

(4,333.62) (4,662.70)

Deferred Tax Assets

Carried Forward loss

17,002.21 15,624.13

Disallowance under Section 43B

62.22 92.85

Deferred Tax (Liability) / Assets (Net)

12,730.81 11,054.28

12.1 The Company has recognised deferred tax consistently as it has the potential to recoup the losses on commencement of mining operations, which will generate adequate margins due to cost advantage of captive mines. Approval of the appropriate authorities for mining is in an advanced state.

Orissa Sponge Iron & Steel Limited

13. LOANS AND ADVANCES

		As at 31st March, 2015		As at 31st March, 2014	
		(Long-term) ₹/ lacs	(Short-term) ₹/ lacs	(Long-term) ₹ / lacs	(Short-term) ₹ / lacs
Capital advance					
Unsecured, considered good	(A)	211.61	–	284.91	–
Security Deposit					
Unsecured, considered good	(B)	134.38	–	143.26	–
Loans and advances to related parties (Note-36)					
Unsecured, considered good		–	–	102.76	–
Doubtful		1,927.51	–	1,927.51	–
		<u>1,927.51</u>	<u>–</u>	<u>2,030.27</u>	<u>–</u>
Provision for doubtful advances		<u>1,927.51</u>	<u>–</u>	<u>1,927.51</u>	<u>–</u>
	(C)	<u>–</u>	<u>–</u>	<u>102.76</u>	<u>–</u>
Advance recoverable in cash or in kind					
Unsecured, considered good		76.11	264.17	84.30	361.14
Doubtful		357.35	–	171.52	–
		<u>433.46</u>	<u>264.17</u>	<u>255.82</u>	<u>361.14</u>
Provision for doubtful advances		<u>357.35</u>	<u>–</u>	<u>171.52</u>	<u>–</u>
	(D)	<u>76.11</u>	<u>264.17</u>	<u>84.30</u>	<u>361.14</u>
Other loans and advances					
Advance income tax and tax deducted at source (Net of provision for taxation)		–	24.53	–	38.66
Prepaid Expenses		–	18.72	–	31.06
Loans to Employees		–	–	–	2.44
Balance with statutory / government authorities		511.69	682.55	511.69	639.17
	(E)	<u>511.69</u>	<u>725.80</u>	<u>511.69</u>	<u>711.33</u>
Total (A+B+C+D+E)		<u>933.79</u>	<u>989.97</u>	<u>1,126.92</u>	<u>1,072.47</u>

13.1 Loans and advances to related parties includes :

Advances to Bilati (Orissa) Ltd (BOL) - doubtful ₹ 1,927.51 lacs (₹ 1,927.51 lacs)

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

13.2 Long Term Advances under doubtful 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.

13.3 Advance to Bamra Iron & Steel Company (India) Limited amounting to ₹ 8,525,770 has been written off as the name of the said company has been struck off from the Register of Companies as per Order of the Registrar of Companies, Odisha.

	31st March, 2015		31st March, 2014	
	₹/ lacs		₹/ lacs	
14. CURRENT INVESTMENTS - QUOTED				
(at cost less provision for diminution in value)				
Trade Investments - Quoted, fully paid up				
14,240 (14,240) Equity Shares of ₹ 10 each of Industrial Development Bank Limited (includes 5,340 Bonus Shares) (Market value ₹ 10.11 lacs, previous year ₹ 9.13 lacs)		11.57		11.57
63,524 (63,524) Equity Shares of ₹ 50 each of Rathi Steel & Power Limited (Market value ₹ 2.10 lacs, previous year ₹ 2.01 lacs)		<u>31.76</u>		<u>31.76</u>
		<u>43.33</u>		<u>43.33</u>
Add / (Less) Provision for diminution in value of current investments		<u>(31.13)</u>		<u>(32.19)</u>
		<u>12.20</u>		<u>11.14</u>

Orissa Sponge Iron & Steel Limited

	31st March, 2015 ₹ / lacs	31st March, 2014 ₹ / lacs
15. INVENTORIES		
(At lower of cost and net realisable value)		
Finished Goods	1,211.01	1,599.47
Raw Materials	939.24	1,067.94
Stores and Spares	559.91	559.91
	<u>2,710.16</u>	<u>3,227.32</u>
15.1 Inventory has been valued after considering possible deterioration of grade and quality of raw materials and finished products estimated at ₹ 474.43 lacs due to shut down of plant operations.		
16. TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivable outstanding for a period exceeding six months from the date they were due for payment	148.08	148.08
Unsecured, considered doubtful	-	79.28
	<u>148.08</u>	<u>227.36</u>
Others	-	-
	<u>148.08</u>	<u>227.36</u>
Less : Provision	-	79.28
Total Trade Receivables	<u>148.08</u>	<u>148.08</u>
17. CASH AND BANK BALANCES		
(A) Cash and cash equivalents		
(a) Cash on hand	1.80	1.41
(b) Balances with banks		
(1) in Current Account	20.41	113.95
(2) in Deposit Accounts (maturing in three months or less)	-	100.00
Total Cash and cash equivalent	<u>22.21</u>	<u>215.36</u>
(B) Other Bank Balances:		
Fixed deposit with banks	-	26.91
(maturing after three months but within twelve months)		
On Margin Money Deposit	68.59	64.66
	<u>68.59</u>	<u>91.57</u>
Total Cash and Bank Balances	<u>90.80</u>	<u>306.93</u>
18. REVENUE FROM OPERATIONS		
Sale of Products	-	-
Sale of Power	-	-
Engineering and Technical Services	175.37	28.09
	<u>175.37</u>	<u>28.09</u>
Less : Excise duty on sale of products	-	-
	<u>175.37</u>	<u>28.09</u>
19. OTHER INCOME		
Interest (Gross) (TDS deducted ₹ 1.31 lacs (₹ 2.24 lacs)	15.87	19.38
Dividend	0.04	0.60
Miscellaneous Income (Net of excise duty ₹ Nil, previous year ₹ 4,20,290)	60.46	8.02
Change in valuation of long term investment	1.06	-
Liability written back since no longer payable	6.62	27.67
	<u>84.05</u>	<u>55.67</u>

Orissa Sponge Iron & Steel Limited

	31st March, 2015 ₹ / lacs	31st March, 2014 ₹ / lacs
20. COST OF MATERIALS CONSUMED		
MATERIAL EXPENSES		
Raw Materials Consumed		
Opening Stock	1,067.94	1,068.30
Add : Purchases	-	-
	<u>1,067.94</u>	<u>1,068.30</u>
Less : Recoveries from waste disposal	-	-
Less : Stock adjustment arising out of physical verification booked under Other Expenses	-	0.36
Less : Diminution in value for quality deterioration booked under Other Expenses	<u>128.70</u>	<u>-</u>
	<u>939.24</u>	<u>1,067.94</u>
Less : Closing Stock	<u>939.24</u>	<u>1,067.94</u>
	-	-
Details of materials consumed		
Iron Ore	-	-
Coal	-	-
Limestone & Dolomite	-	-
Steel Scrap	-	-
Others	-	-
	-	-
21. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK IN TRADE		
Opening Stock		
Finished Goods	1,599.47	1,600.10
Less : Stock adjustment arising out of physical verification booked under Other Expenses	-	0.63
Less : Diminution in value for quality deterioration booked under Other Expenses	<u>388.46</u>	<u>-</u>
Closing stock		
Finished Goods	<u>1,211.01</u>	<u>1,599.47</u>
	-	-
Details of Excise duty in finished goods stated above:		
Opening Stock	175.95	176.02
Less : Stock adjustment arising out of physical verification booked under Other Expenses	-	(0.07)
Less : Diminution in value for quality deterioration booked under Other Expenses	<u>42.73</u>	<u>-</u>
Closing Stock	<u>133.22</u>	<u>175.95</u>
	-	-
22. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	808.37	1,212.12
Contribution to Provident and Other Funds	202.12	184.12
Staff Welfare Expenses	<u>81.52</u>	<u>103.97</u>
	<u>1,092.01</u>	<u>1,500.21</u>
23. FINANCE COST		
Interest Expenses	6,696.72	4,587.70
Other Borrowing Costs	<u>15.04</u>	<u>21.77</u>
	<u>6,711.76</u>	<u>4,609.47</u>
23.1 Interest include interest advised and charged by the lenders during the year towards penal interest from the date of NPA to 31.03.2015		
24. DEPRECIATION AND AMORTISATION EXPENSE		
For the year	970.25	260.94
Less : Withdrawn from Revaluation Reserve	<u>29.49</u>	<u>32.02</u>
	<u>940.76</u>	<u>228.92</u>
25. OTHER EXPENSES		
Manufacturing Expenses		
Consumption of Stores & Spares	-	-
Power & Fuel	54.22	95.24
Repairs to Building	-	-
Repairs to Machinery	<u>5.16</u>	<u>3.99</u>
	<u>59.38</u>	<u>99.23</u>
Excise Duty on change in Finished goods (Refer Note - 21)	-	-
	<u>59.38</u>	<u>99.23</u>

Orissa Sponge Iron & Steel Limited

		31st March, 2015 ₹ / lacs	31st March, 2014 ₹ / lacs
Administrative, Selling and Other Expenses			
Rent		11.30	14.26
Rates & Taxes		11.63	8.83
Insurance		13.48	22.54
Travelling & Conveyance		22.69	43.68
Postage, Telephone & Telex		9.13	9.12
Printing & Stationery		4.94	4.55
Upkeep Maintenance		13.83	23.83
General Repairs		6.75	12.72
Bad Debt / advances written off	158.08		
Less : Adjusted with Provision for doubtful Advances	85.13	72.95	0.64
Provision for doubtful debts		-	79.28
Provision for doubtful advances		191.68	56.83
Provision for diminution in value of investments		-	2.97
Legal & Professional Expenses		76.90	196.80
Miscellaneous Expenses		75.20	83.40
Stock adjustment on physical verification		-	0.92
Provision for diminution in value of Inventories for Quality deterioration		474.43	-
		<u>984.91</u>	<u>560.37</u>
Total		<u>1,044.29</u>	<u>659.60</u>

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	2014-15 ₹ / lacs	2013-14 ₹ / lacs
Employers' Contribution to Provident Fund	26.74	61.90
Employers' Contribution to Superannuation Fund	11.84	18.60
Employers' Contribution to Employees' Pension Scheme	36.23	25.44
Total	74.81	105.94

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	2014-15		2013-14	
	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs
Obligation at the beginning of the year	920.65	144.27	991.01	144.39
Service cost	197.77	1.68	136.38	-
Interest cost	8.07	9.57	13.63	12.99
Benefits settled	(32.65)	(26.34)	(150.02)	(14.35)
Actuarial (Gain) / Loss	(86.59)	(18.38)	(70.35)	1.24
Obligation at the end of the year	1007.25	110.80	920.65	144.27

Orissa Sponge Iron & Steel Limited

Particulars	2014-15		2013-14	
	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs	Gratuity (Funded) Amount ₹ / lacs	Encashment (Non Funded) Amount ₹ / lacs
Change in Plan Assets				
Plan Assets at the beginning of the year, at fair value	99.01	-	234.00	-
Expected return on Plan Assets	8.07	-	13.63	-
Actuarial (Gain) / Loss	(3.25)	-	(3.60)	-
Contributions	18.15	-	5.00	-
Benefits settled	(32.65)	-	(150.02)	-
Plan Assets at the end of the year, at fair value	89.33	-	99.01	-
Reconciliation of present value of the obligation and the fair value of the planned assets				
Fair value of the Plan Assets at the end of the year	89.33	-	99.01	-
Present value of the defined benefit obligation at the end of the year	1,007.25	110.80	920.65	144.27
Assets / (liability) recognised in the Balance Sheet	(917.92)	(110.80)	(821.64)	(144.27)
Gratuity cost for the year				
Service cost	197.75	-	136.38	-
Interest cost	8.07	-	13.63	-
Expected return on plan assets	(8.07)	-	(13.63)	-
Actuarial (Gain) / Loss	(83.33)	-	(66.74)	-
Net Gratuity cost	114.42	-	69.64	-
Assumptions				
Interest rate	9.00%	7.50%	8.75%	9.00%
Expected rate of return on plan assets	9.00%	7.50%	8.75%	9.00%
Expected rate of salary increase	4%	9%	4%	9%
Retirement age	58	58	58	58

27. Subsidiary Company

Bamra Iron & Steel Company (India) Limited, is a wholly owned subsidiary has been struck off from the Registrar of Companies to non operation by the order of Registrar of Companies Odisha. Consequently the provisions relating to subsidiary Companies are not applicable for the reporting period.

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	2014-15 ₹ / lacs	2013-14 ₹ / lacs
Within one year	1.58	3.58
Later than one year and not later than five years	-	1.64
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 :

As Auditor :	2014-15 ₹ / lacs	2013-14 ₹ / lacs
Statutory Audit Fee	6.00	6.00
Tax Audit Fee	1.20	1.20
Other Services	0.98	0.83
Out of pocket expenses	0.23	0.22
	<u>8.41</u>	<u>8.25</u>

Orissa Sponge Iron & Steel Limited

	2014-15 ₹ / lacs	2013-14 ₹ / lacs
30. Contingent Liabilities and Commitments		
(A) Contingent liabilities		
(a) Claims against the Company not acknowledge as debts:		
i) Disputed Sales Tax (under appeal) 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	3,313.31	3,313.31
ii) Disputed Central Excise and Service Tax (under appeal)	155.33	155.33
iii) Income Tax Demand (under appeal)	3.27	3.27
iv) Provident & Pension Fund (under appeal)	16.08	-
iv) Other Claim not acknowledged as debt * (includes ₹ 2,029.69 lacs (gross) pertaining to the amount claimed by a party through a Company petition before the Hon'ble Odisha High Court on which decision is pending)	2,033.16	2,090.14
(b) Guarantees		
i) Letters of Credit and for Counter Guarantees to the Banks for guarantees given by them	459.50	560.30
ii) Guarantee given to Keonjhar Central Co-Operative Bank Ltd. for cash credit facilities obtained by Bilati (Orissa) Limited.	126.93	126.93
iii) Joint Undertaking given for "over-run / shortfall and Guarantee-cum Undertaking", given to State Bank of India for the Term Loan extended to Keonjha Infrastructure Development Company Limited (KIDCO) amounting to Rs. 58 crores in the event of default in debt servicing by KIDCO.	Not Ascertainable	Not ascertainable
(B) Commitments		
i) Estimated amount of contracts (Net of advance ₹ 55.16 lacs, previous year ₹ 55.16 lacs) remaining to be executed on Capital Account and not provided for.	111.83	229.35
(C) 10 % dividend on cumulative Non Convertible Redeemable Preference Shares calculate pro rata basis from the date of allotment payable in futue on availability of net profit.	126.03	Nil
31. Imported and indigenous raw materials and stores & spares consumed :		
	2014-15	2013-14
	Value ₹ / lacs	Value ₹ / lacs
	%	%
Raw Materials		
Imported	-	-
Indigenous	-	-
	-	-
Stores & Spares parts		
Imported	-	-
Indigenous	-	-
	-	-
	2014-15 ₹ / lacs	2013-14 ₹ / lacs
32. Expenditure in Foreign Currency	0.69	Nil
33. Earnings in foreign exchange (Technology Sales)	132.40	71.06
34. Earnings per share		
Profit for the year after taxation, as per statement of profit and loss (₹ / lacs)	(8,013.11)	(4,129.25)
No. of Equity Shares (weighted)	27,000,000	27,000,000
Basic & diluted Earning per share (face value ₹ 10 per share)	(29.68)	(15.29)
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.		
35. As the Company's business activity falls within a single primary business segment, viz. "Iron & Steel" the disclosure requirement of Accounting Standard 17-Segment reporting are not applicable.		
36. Related Party disclosures under Accounting Standard - 18		
A. Name of related party and relationship :		
I. Subsidiary	:	Bamra Iron and Steel Company (India) Limited.
II. Associates	:	Torsteel Research Foundation in India TRFI Investment Pvt. Ltd. OSIL-TRFI Community Services OSIL-TRFI Community Services Trust Bilati (Orissa) Limited Torsteel Services Pvt. Ltd. Keonjhar Infrastructure Development Company Limited
III. Key Management Personnel	:	Dr. P. K. Mohanty Mr. Munir Mohanty

Orissa Sponge Iron & Steel Limited

	2014-15 ₹ / lacs	2013-14 ₹ / lacs
B. Transaction with related parties referred to in - (A) :		
I. Transaction with Subsidiary :		
Bamra Iron & Steel Company (India) Limited		
Advances given during the year	0.56	0.60
Advance written off	(85.26)	-
Receivable / (Payable) as at 31.03.15	-	84.70
II. Transactions with Key managerial personnel:		
Remuneration		
Dr. P. K. Mohanty	0.22	0.50
Mr. M. Mohanty	13.38	13.42
	13.60	13.92
III. Transactions with Associate Companies / Entities		
a) OSIL-TRFI Community Services		
Contribution towards community services	0.15	0.11
b) OSIL-TRFI Community Services Trust		
Contribution towards community services	0.10	3.86
c) Torsteel Research Foundation in India		
Advance received / paid	(13.04)	(8.58)
Receivable / (Payable) as at 31.03.15	(89.97)	(76.93)
d) Torsteel Services (P) Ltd.		
Advance Received / paid	27.25	(7.58)
Receivable / (Payable) as at 31.03.15	(31.27)	(58.52)
e) TRFI Investment Pvt. Ltd.		
Advance received / paid	(18.00)	6.30
Reimbursement of legal expenses relating to OSIL share transfer	-	(111.63)
Receivable / (Payable) as at 31.03.15	(1.12)	16.88
f) Keonjhar Infrastructure Development Company Limited		
Advances received / paid	(4.26)	(0.46)
Receivable / (Payable) as at 31.03.15	1.89	6.15
g) Bilati (Orissa) Limited		
Advance given during the year	-	26.08
Balance Receivable as at 31.03.15	1,927.51	1,927.51

37. Exceptional item represent written off advance Rs. 85.26 lacs and investment Rs. 74.99 lacs in the subsidiary company Bamra Iron & Steel Company (India) Limited.

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

39. 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: Cuttack
Dated: 29th August, 2015

M. Mohanty
Director & CFO

For and on behalf of the Board
B. K. Sarkar, Director
A. K. Mukherjee, Director
S. K. Kar, Director
Dr. P. K. Mohanty, Vice Chairman
& Managing Director

Important Communication to Members

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

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

Members who are holding shares in **demat** mode are requested to 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.

If undelivered, please return to :

ORISSA SPONGE IRON & STEEL LIMITED

Chatterjee International Centre, 11th Floor

33A, Jawahar Lal Nehru Road

Kolkata - 700 071

ORISSA SPONGE IRON & STEEL LIMITED

PROXY FORM

(CIN : L271020R1979PLC000819)

Registered Office : OSIL House, Gangadhar Meher Marg, Bhubaneswar - 751 024, Phone : (0674) 3016500
Corporate Office : CIC Building, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700 071, Phone : (033) 22883910-3916
E-mail : corporate@orissasponge.com, Website : www.orissasponge.com

Thirty Fifth Annual General Meeting Friday, 19th February, 2016, at 11 a.m.

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

(1) Name..... Address

E-mail ID Signature..... or failing him/her;

(2) Name..... Address

E-mail ID Signature..... or failing him/her;

(3) Name..... Address

E-mail ID Signature..... or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company, to be held on Friday, 19th February, 2016 at 11 a.m. at Hotel Grand Central, Bhubaneswar and at any adjournment thereof in respect of such resolutions as are indicated overleaf :

Resolution No.	Resolution	Please Tick (✓) in the Appropriate Box	
		For	Against
1.	Adoption of the Balance Sheet as on 31st March 2015 and the Statement of Profit & Loss for the year ended on that date together with the Report of the Auditors' and Directors' thereon.		
2.	Appointment of Statutory Auditors.		
3.	To Appoint Mr. S. K. Kar as Director.		
4.	To Appoint Ms. Sonia Jabbar as Director.		
5.	Ratification of remuneration payable to Cost Auditors.		

Signed this day of 2016.

Member's Folio/DP ID-Client ID No..... Signature of shareholder(s)

Signature of Proxy holder(s)

Affix
Revenue
Stamp
Re.1/-

- Notes:
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
 2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Thirty Fifth Annual General Meeting.
 3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
 4. Please complete all details including details of member(s) in above box before submission.