

**A N N U A L
R E P O R T
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ORISSA SPONGE IRON & STEEL LIMITED

Board of Director

Mr. B.K.Sarkar	Director
Mr. A.K.Mukherjee	Director
Mr. S.K.Khetan	Director
Mr. S.K.Kar	Director
Ms. Sonia Jabbar	Director (till 11.06.2016)
Mr. M.Mohanty	Wholetime Director
Dr. P.K.Mohanty	Vice Chairman & Managing Director

Director & CFO

Mr. M. Mohanty

Auditors

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

Registrar & Share Transfer Agent

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

Registered Office

OSIL House
Gangadhar Meher Marg
Bhubaneswar

Corporate Office

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

Plant

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

Bankers

State Bank of India
Bank of India

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ORISSA SPONGE IRON & STEEL LIMITED

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

CIN:L27102OR1979PLC000819

Ph: 033-22883910-16; Fax: 033-22272511

Email: corporate@orissasponge.com; Website: www.orissasponge.com

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of the Company will be held on Friday, 16th December, 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 & Loss for the year ended 31st March, 2016 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, 2016 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 a Director in place of Mr. S.K.Kar (DIN 07220972), who retires by rotation and being eligible offers himself for re-appointment
3. To ratify the appointment of Statutory Auditors of the Company and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:

Resolved that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules framed there under and pursuant to the Resolution passed by the Shareholders at the 35th Annual General Meeting of the Company held on 19th February, 2016 in respect of the appointment of M/s. Bhardwaj & Co., Chartered Accountants (FRN 316085E) to hold office from the conclusion of this 35th Annual General Meeting to the conclusion of the 40th Annual General Meeting, the Company hereby ratifies and confirms the appointment of M/s. Bhardwaj & Co., Chartered Accountants (FRN 316085E) to hold office from the conclusion of this 36th Annual General Meeting to the conclusion of the 37th Annual General Meeting on such remuneration as may be mutually agreed between the Board of Directors and the Auditors, plus out of pocket expenses incurred in connection with the audit.

AS SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification, the following Resolution as Special Resolution
Resolved that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (the Act), read along with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory notifications thereof and subject to the approval of the Central Government and on such conditions, modification as may be imposed, while granting such approval, the Company do hereby accord their approval for the re-appointment of Dr. P.K.Mohanty as Vice Chairman & Managing Director for a period of 3 years with effect from 23rd June, 2016 on the terms and conditions including remuneration at the same terms as approved by the Central Government on his previous term vide Letter dated 12th March, 2014 to be paid in the event of loss or inadequacy of profit if any during the period of three years from the date of appointment as set out in the Agreement between the Company and Dr. P.K.Mohanty, the salient features of which are stated in the Explanatory Statement to this Notice.
5. To consider and if thought fit to pass with or without modification, the following Resolution as Special Resolution
Resolved that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (the Act), read along with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory notifications thereof and subject to the approval of the Central Government and on such conditions, modification as may be imposed, while granting such approval, the Company do hereby accord their approval for extension of the same remuneration payable to Mr. Munir Mohanty for two years, as approved by the Central Government vide its Letter dated 14th March, 2014 with effect from 31st May, 2016 on the terms and conditions including remuneration to be paid

in the event of loss or inadequacy of profit if any during the period of two years from 31st May, 2016 as set out in the Agreement between the Company and Mr. Munir Mohanty, the salient features of which are stated in the Explanatory Statement to this Notice

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

Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and the applicable Rules framed there under, the remuneration of Rs. 25,000 exclusive of taxes plus out of pocket expenses incurred in connection with the audit payable to the Cost Auditors M/s. B.Ray & Associates, Cost Accountants (FRN 000155) for carrying out the Cost Audit with respect to manufacturing of sponge iron and generation of power at Palaspanga, Dist Keonjhar, Odisha for the Financial Year 2015-16 as approved by the Board in its meeting held on 2nd January, 2016 be and is hereby approved, ratified and confirmed.

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CIN:L27102OR1979PLC000819
Phone: 033-22883910-16
Fax: 033-22272511
Email: corporate@orissasponge.com
Website: www.orissasponge.com
Kolkata, 13th October, 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 4

The approval of the Central Government for the appointment of Dr. P.K.Mohanty as Vice Chairman and Managing Director for a period of three years with effect from 23rd June, 2013 and the remuneration payable to him for the said period vide letter dated 12th March, 2014 expired on 22nd June, 2016.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at the Meeting held on 13th October, 2016, approved the re-appointment of Dr. P.K.Mohanty as Vice Chairman and Managing Director for a period of three years with effect from 23rd June, 2016 and the remuneration payable to him as approved by the Central Government on the previous term.

The said appointment and remuneration payable to the Managing Director require the approval of the Shareholders by a Special Resolution as well as the Central Government as the Company has defaulted in repayment of its debts and consequently could not fulfill the conditions stipulated under Schedule V of the Companies Act, 2013.

Approval of the Shareholders by Special Resolution is therefore sought to enable to Company to seek the approval of the Central Government for re-appointment of Dr. P.K.Mohanty as Managing Director and remuneration payable to him. The terms of appointment and remuneration payable to him are set out in the Agreement dated 13th October, 2016 entered into by the Company with Dr. P.K.Mohanty, which inter alia contains the following terms and conditions:

Salary: Re. 1/- per month

Perquisites:

- a) Medical Reimbursement: Actual medical expenses incurred for self and family. Hospitalization expenses will be paid/ reimbursed in full.
- b) Leave Travel concession: For self and family once in every two years limited to Rs. 200,000/- (Rupees Two Lakhs Only)

- c) Personal Accident Insurance: Premium on Personal Accident Insurance not to exceed Rs.15000/- (Rupees Fifteen Thousand) per annum
- d) Club Fees: Fees of Clubs subject to a maximum of two Clubs.

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

Commission:

Remuneration by way of commission @ 2% of the net profits of the company computed in the manner laid down in Section 197 of the Companies Act, 2013 will also be allowed in addition to salary and perquisites. The amount of the commission based on the net profits of the company in a particular year shall be subject to the overall ceilings laid down in Section 197 of the Act.

Minimum Remuneration

Notwithstanding anything contained herein, where, in any financial year, during the currency of tenure of the Vice-Chairman and Managing Director, if the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites as specified above as minimum remuneration. Brief Resume of Dr. P.K.Mohanty is provided in Annexure "A". The Agreement entered into by the Company with Dr. P.K. Mohanty dated 13th October, 2016 is available for inspection at the Registered office of the Company on all its working days during working hours.

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

The above information may be construed as compliance under Section 190 of the Companies Act, 2013. The Board recommends the Resolution for approval of the members

Item No 5

The Central Government vide letter dated 14th March, 2014 approved the appointment of Mr. Munir Mohanty as Whole-time Director for a period of five years from 31st May, 2013. However the approval of remuneration payable to him for a period of three years by the Central Government by the same letter expired on 30th May, 2016.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at the Meeting held on 13th October, 2016, approved the extension of remuneration payable to Mr. Munir Mohanty for a period of two years with effect from 31st May, 2016, at the same remuneration as approved by the Central Government on the previous term.

The said remuneration payable to Mr. Munir Mohanty require the approval of the Shareholders by a Special Resolution as well as the Central Government as the Company has defaulted in repayment of its debts and consequently could not fulfill the conditions stipulated under Schedule V of the Companies Act, 2013.

Approval of the Shareholders by Special Resolution is therefore sought to enable the Company to seek the approval of the Central Government for remuneration payable to Mr. Munir Mohanty as aforesaid. The terms of remuneration payable to him are set out in the Agreement dated 13th October, 2016 entered into by the Company with Mr. Munir Mohanty, which inter alia contains the following terms and conditions:

Salary: Rs. 38000/- per month

House Rent Allowance: Rs. 19000/- per month

Personal Allowance: Rs. 25000/- per month

Education Allowance: Rs. 12500/- per month

Perquisites:

- a) Medical Reimbursement: One month basic salary in one year or three months salary over a period of three years
- b) Mediclaim Policy: Premium on Mediclaim Policy limited to Rs. 18000/- per annum
- c) Leave Travel Concession: For self and family once in every two years equivalent to two months basic salary
- d) Personal Accident Insurance: Premium on Personal Accident Insurance not to exceed Rs.10000 per annum
- e) Club Fees: Fees of Clubs subject to a maximum of two Clubs.
- f) Electricity: Rs. 3800/- per month

Exempted Benefits

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

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

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

Minimum Remuneration

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

The Agreement entered into by the Company with Mr. Munir Mohanty dated 13th October, 2016 is available for inspection at the Registered office of the Company on all its working days during working hours.

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

The above information may be construed as compliance under Section 190 of the Companies Act, 2013

The Board recommends the Resolution for approval of the members

Item No. 6

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 2nd January, 2016 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 2015-16 at a remuneration of Rs. 25000 per annum exclusive of taxes plus out of pocket expenses incurred in connection with the audit. In accordance with Rule 14 of the said Rules, approval of the shareholders is hereby sought for ratification of the remuneration payable 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,
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Bhubaneswar – 751 024

CIN:L27102OR1979PLC000819
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Email: corporate@orissasponge.com
Website: www.orissasponge.com
Kolkata, 13th October, 2016

By order of the Board
Orissa Sponge Iron & Steel Limited

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 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 9th December, 2016 to Friday, the 16th December, 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.
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 36th Annual General Meeting in pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015 is given in Annexure A.
13. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in regard to the Special Business to be transacted at the meeting is enclosed and forms part of the notice.

14. The instructions for Voting

14.1 The instructions for shareholders voting electronically are as under:

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 36th 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 period begins on Tuesday, 13th December, 2016 at 9.00 am and ends on Thursday, 15th December, 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 ie 9th December, 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) 161101004** 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/DP 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.
- (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 9th December, 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 Scrutiniser to scrutinise 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 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 Instructions for Voting through Ballot Form

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

14.3 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” to the Notice

Particulars of Directors seeking appointment / re-appointment at the 36th Annual General Meeting

Name of the Director	Mr. S.K.Kar	Dr.P.K.Mohanty
Date of Birth	15.09.1959	06.01.1935
Qualification	B.Tech, MBA	Ph.D (Engg)
Date of Appointment	29.08.2015	09.04.1979
Expertise in Specific Functional areas	An Engineer with finance background having specialization in corporate finance	A significant contributor for growth of Iron & Steel Industry. Also the Promoter of Torsteel Research Foundation in India, responsible for developing the production and scientific utilization of high strength reinforcing steel in India and making TOR Steel a household name. OSIL was promoted by him as the commercial sponge iron plant and under his leadership the Sponge Iron manufacturing process i.e. “OSIL Process” was established.
List of Companies in which directorship is held (excluding foreign companies, private limited companies in which he / she is a Director and Section 8 Company)	NIL	<ol style="list-style-type: none"> 1. Oriqua Ltd. 2. Indian Titanium Products Ltd. 3. Torsteel Ltd. 4. Keonjhar Infrastructure Deveplopment Company Ltd. 5. Torcomm Ltd.
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	Held in Own Name: 115555 Equity Shares Held for the beneficial interest of Trust: 2412089 Equity Shares

DIRECTORS' REPORT

Your Directors submit the following report on Financial Results for the year ended 31st March 2016:

Financial Results

	For the year ended 31st March 2016 (₹ in lacs)	For the year ended 31 st March 2015 (₹ in lacs)
Turnover	673.84	259.42
Profit / (Loss) before depreciation	(7191.30)	(8748.89)
Depreciation (net of revaluation adjustment)	927.84	940.76
Profit / (Loss) before tax	(8119.14)	(9689.65)
Provision for Deferred Tax-Assets	1376.25	1676.54
Profit / (Loss) after tax	(6742.89)	(8013.11)
Surplus(Deficit) brought forward from previous year	(36072.71)	(27886.70)
Adjustment relating to expired Fixed Assets	-	(172.90)
Surplus(Deficit) carried forward to Profit & Loss A/c	(42815.60)	(36072.71)

State of Affairs

The Company suspended production in June 2012 due to unviable cost economics and continuing losses. The loss for the financial year 2015-16 amount to ₹ 8119.14 lakhs. In the present scenario resumption of plant operations and viability of the Company is largely dependent on availability of raw material from captive sources.

The net worth of the Company has been fully eroded as on 31st March, 2015 under the applicable provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA). The Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) in terms of Section 15(1) of SICA, which is under consideration by the appropriate authorities.

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

The Company 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

Dividend

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

Reserves

The Reserves and Surplus as on 31.03.2016 is negative at ₹ 6568.00 lakhs

Future Outlook

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfilment of conditions as specified in the respective documents. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights) Act 2006 vide Letter dated 23rd June, 2016. The Company is presently awaiting Letter from the Central Government under Section 2 (iii) of the Forest Conservation Act, 1980 for proceeding to execute the Mining Lease. Availability of iron ore from captive mines will permit production at higher capacity and significantly improve profitability of the Company.

Changes in Capital Structure

There is no change in the Capital Structure during the year

Project & Engineering Division

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

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

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

Subsidiary Company

The Company has no subsidiary on the reporting date.

Directors and Key Managerial Personnel

(1) Independent Directors

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.

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 Regulation 16 (b) of SEBI (LODR) Regulations, 2015..

(2) Nominee Directors

The nomination of Mr. P.C.Mohanty ((DIN 05211242) as Director on the Board of the Company was withdrawn by IPICOL on 06.04.2015.

Mr. S.K.Kar (DIN 07220972) was nominated by IPICOL and appointed as Additional Director at the Board Meeting held on 29.08.2015. His appointment was later confirmed by the Shareholders at the Annual General Meeting held on 19.02.2016.

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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. Her appointment was later confirmed by the Shareholders at the Annual General Meeting held on 19.02.2016. TRFI however withdrew her nomination which was recorded at the Board Meeting held on 11th June, 2016.

(3) Executive Directors

The term of office of Dr. P.K.Mohanty, Vice Chairman and Managing Director expired on 22nd June, 2016 as per the terms of appointment approved by the Central Government. On the recommendation of the Nomination and Remuneration Committee, he was re-appointed as Vice Chairman and Managing Director for a period of 3 years retrospectively from 23rd June, 2016 at the Board Meeting held on 13.10.2016 subject to the approval of the Shareholders by a Special Resolution at the next Annual General Meeting and the Central Government.

Mr. Munir Mohanty, Whole-time Director continues to hold office having been appointed for a period of 5 years with effect from 31st May, 2013 in terms of the approval granted by the Central Government.

(4) Retirement by Rotation

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

(5) Key Managerial Personnel

Mr. Munir Mohanty, Whole-time Director was appointed as the Chief Financial Officer in addition to his responsibilities as Whole-time Director at the Board Meeting held on 13th February, 2015

Meetings

(1) Meeting of the Board of Directors

During the financial year 2015-16, 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 except for a delay of 5 days in the third quarter due to unavoidable reasons.

(2) Meeting of the Independent Directors

In terms of Schedule IV of the Companies Act, 2013 and revised Regulation 25 (3) of SEBI (LODR) Regulation, 2015, a meeting of the Independent Directors was held on 19th March, 2016, 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:

- In the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures from the standards.
- Accounting policies were selected and applied consistently. Judgments and estimates that are reasonable and prudent are made, so as to give a true and fair view of the state of affairs of the Company as at 31st March 2016 and of the Loss of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts for the financial year ended 31st March 2016 have been prepared on a 'going concern' basis.
- The laid down internal financial controls to be followed by the company are adequate and are operating effectively
- Proper system devised by the company to ensure compliance with the provisions of all applicable laws were adequate and are operating effectively

(2) Management Discussion and Analysis

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

(3) Corporate Governance Report

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

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

(4) CEO & CFO Certification

As required under Regulation 17(8) read with Part B of Schedule II to SEBI (LODR) Regulation, 2015, the Managing Director & CFO has provided Compliance Certificate to the Board of Directors and a copy thereof is contained elsewhere in this Annual Report.

Related Parties

Related Party transactions are disclosed in Note No. 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

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.

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(3) Stakeholders Relationship Committee

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

(4) Ethics Committee

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

(5) Risk Management Committee

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

Policies and Codes

(1) Remuneration Policy

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

(2) Whistle Blowers Policy

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

(3) Risk Management Policy

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

(4) Policy on prevention of Sexual Harassment

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

(5) Policy on Corporate Social Responsibility

The provisions of Section 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 Regulation 34(3) read with Schedule V Part C (10) (e) of SEBI (LODR) Regulations 2015, is not applicable to the Company

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

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

(8) Code of Conduct

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

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

Corporate Social Responsibility

Your Company provided financial assistance of ₹30 lakhs to Green Field School, located in Palaspanga, Dist. Keonjhar, Odisha for Children education. Your Company regrets its inability to provide the desired support for CSR activities due to financial losses suffered by the Company.

Quality

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

Listing Fees

The annual listing fees 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.

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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 590160 (751200 Units) from NESCO amounting to ₹ 46.32 lakhs (₹ 55.71 lakhs).
- (2) During the year the Company has neither earned nor spent in foreign currency.

Particulars of Employees

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

Employee Benefit Schemes

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

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

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

Contribution to Gratuity Fund by payment of premium to LIC Group Gratuity Scheme to provide gratuity benefits to the employees on retirement, death or otherwise. Under the scheme, the life of the employee is also secured by payment of additional premium so that in the event of death, the employee gets gratuity not only for the period of service rendered but also the period of service he would have rendered up to the date of his normal retirement.

Industrial Relations

Industrial relations have by and large remained cordial during the year

Audit/Auditors

(1) Statutory Auditors

M/s A.K.Bhardwaj & Co., Chartered Accountants, was appointed as Statutory Auditors under Section 139 of the Companies Act, 2013 at the Annual General Meeting of the Company held on 19.02.2016 to hold office for a period of five years upto the conclusion of the 40th Annual General Meeting. The Board recommends ratification of their appointment as Statutory Auditors at the ensuing Annual General Meeting for a period upto the conclusion of the 37th Annual General Meeting. Certificate from the Auditors have been received to the effect that their appointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013.

(2) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remunerations of Managerial Personnel) Rule 2014, the Company has appointed Ms. Disha Dugar, Practising Company Secretary to conduct Secretarial Audit for the financial year ended 31st March, 2016. The Report on Secretarial Audit is provided in the Annexure and forms part of this Report.

(3) Cost Auditors

Pursuant to the provision of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. B. Ray & Associates, Cost Accountants, Kolkata was re-appointed as Cost Auditor of the Company for the year 2015-16 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 Annexure I forming part of the Directors Report

Extract of Annual Return

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

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

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

Acknowledgement and Appreciation

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

For and on behalf of the Board

Place: Kolkata
Dated: 13th October, 2016

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

Annexure I to the Director's Report

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

(1) Explanation to Statutory Auditor's Report

- a) Reference to Annexure B to the Audit Report vide Para 7 (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 continues to be critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax and Provident Fund dues could not be paid.
- b) Reference to Independent Audit Report vide Para 9 (a) and (b), your Directors submit that the Notes to Balance sheet and Statement of Profit and Loss under the head Corporate Information gives full details of the State of Affairs of the Company and the justification for preparing the Accounts on the basis of going concern. For the same reasons deferred tax have been recognised in the Accounts as the Directors are of the opinion that on commencement of mining operations, the profit generated would be good enough to absorb the Deferred Tax.
- c) There are no other 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 (1) A (i) and Para (1) (B) (iv) (a) your Director submit that your 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
- b) Reference to the Audit Report vide Para (1) A (ii) your Director submit that due to shut down of plant operations since 2012, take over of the possession of the plant by the Lenders on 24.04.2015 and termination of almost all the officers including those attached to the accounts department, the preparation of annual accounts was considerably delayed. Consequently the Annual General Meeting and periodical meeting for approval of the un-audited financial results could not be held on time and the filing of Annual Report was delayed. However, the Company has ensured compliance of the same subsequently.
- c) Reference to the Audit Report vide Para (1) (B) (i) & (ii) and (xiii) A your Director submit that the claim made by the parties is disputed and being contested by the Company in the appropriate forum
- d) Reference to Para 1 (B) (ix) A & B, Item A to 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 continues to be critical. Consequently the undisputed liability on account of Central Sales Tax, Orissa Sales Tax, Entry Tax, Provident Fund dues, Employee Pension Fund dues, Listing Fee to the Stock Exchange, penalty imposed by the Stock Exchange etc could not be paid.
- e) Reference to the Audit Report vide Para 1 (B) (xvi) serial I, ii & iii in the last page, your Directors submit that due to non payment of the outstanding dues to the Lenders, they have taken action under SARFAESI and also filed an application before the DRT. The Company has made representation and having regard to substantial progress made towards executing mining lease agreement in respect of the Iron Ore mines allotted to the Company and the resultant profitability on commencement of mining operations, the Company is hopeful of reaching an amicable solution to address the issue of Lenders.
- f) 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.

(3) Explanation to Cost Auditor's Report

- a) Reference to Para 2 of Cost Audit Report, your Directors submit that due to shut down of plant operations since 2012, take over of the possession of the plant by the Lenders on 24.04.2015 and termination of almost all the officers including those attached to the accounts department, the preparation of cost accounts was delayed. However, the Company has ensured compliance of the same subsequently.

(4) Explanation to remarks made in the Compliance Certificate on Corporate Governance

- a) Reference to the remarks vide Para 1 your Director submit that your 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
- b) Reference to the remarks vide Para 2 your Director 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 directors 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.
- c) Reference to the remarks vide Para 3, 4, 5 & 6 your Director submit that due to shut down of plant operations since 2012 and in the absence of regular flow of funds, fund situation continues to be critical. Consequently the listing fee for the Financial Year 2015-16 could not be paid. Further due to take over of the possession of the plant by the Lenders on 24.04.2015 and termination of almost all the officers including those attached to the accounts department, the preparation of financial statements and the consequent time bound corporate compliances under the listing agreement was delayed. However, the Company has ensured compliance of the same subsequently. The Bombay Stock Exchange has imposed penalty and suspended trading in the shares of the Company due to non payment of listing fee and aforesaid delay in compliances. Sincere efforts are being made to clear the aforesaid dues as soon as possible and also restore trading in the shares of the Company. The new listing agreement will be executed simultaneously on arrangement of funds for payment of listing fees.
- d) Reference to Para 7, your Directors submit that all information stipulated vide Regulation 46 of SEBI (LODR) Regulations, 2015 has been posted in the website of the Company except a few on the reporting date. All such information has been posted in the website subsequently.
- e) Reference to Para 8, your Directors submit that there was delay in appointment of Women Director as the Company could not find an appropriate candidate for the position. However the position of Women Director was filled up subsequently.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2016
[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	9 th 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, 3 rd Floor, Kolkata-700020, Phone No: 033-22890540, Fax No: 033-2289-0539 E-mail: kolkata@linkintime.co.in Website : www.linkintime.co.in

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

3. PARTICULARS OF HOLDING ,SUBSIDIARY AND ASSOCIATE COMPANIES

SL. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
	N.A				

4. SHARE HOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)**i) Category-wise Shareholding**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.Promoter									
1. Indian									
a) Individual/HUF	154155	-	154155	0.571	154155	-	154155	0.571	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	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	-
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	-

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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	-	1240	1240	0.005	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	200	-	200	0.001	200	-	200	0.001	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors (Corp.)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	3990	13077	17067	0.064	3975	13077	17052	0.064	-
(2) Non-Institutions									
a) Bodies Corporate									
i) indian	17738143	15924	17754067	65.756	17779087	15924	17795011	65.907	0.151
ii) Overseas	-	-	-	-	-	-	-	-	-
b) individuals									
i) individual Shareholders holding nominal share capital up to ₹1 lakh	457501	342875	800376	2.964	414938	334180	749118	2.775	(0.19)
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	512596	49850	562446	2.083	512596	49850	562446	2.083	-
d) Others (specify)	23111	-	23111	0.086	33440	-	33440	0.124	(0.038)
Sub -Total(B)(2)	18731351	408649	19140000	70.889	18740061	399954	19140015	70.889	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	23578274	3421726	27000000	100	23586969	3413031	27000000	100	-
D) Non Promoter-Non Public Custodian / DR Holder Employee Benefit Trust (Under SEBI (Share based Employee Benefit) Regulations, 2014	-	-	-	-	-	-	-	-	-
Total (A) +(B)+(C)+(D)	23578274	3421726	27000000	100	23586969	3413031	27000000	100	-

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	

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

Sr.no.		Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
		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 (No Change)	29.048 (No Change)
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase .decrease (e.g. allotment /transfer /bonus/ sweat equity etc):	NA.		NA.	
	At the End of the year	7842933	29.048	7842933	29.048

There is no change in Promoters' Shareholding between 01.04.2015 and 31.03.2016

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	3354692	13.16	3354692	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	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 infrastructure 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

v) Shareholding of Directors and Key Managerial Personnel

SI 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

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	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
Change in indebtness during the financial year				
Addition	6681.78	37.69	-	6719.47
Reduction	-	1.58		1.58
Net Change	6681.78	36.11	-	6717.89
Indebt ness at the end of the financial year				
i) Principal Amount	21019.25	232.53	-	21251.78
ii) Interest due but not paid	24219.44	39.07	-	24258.51
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	45238.69	271.60	-	45510.29

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 Section17(1) of the Income –taxAct,1961 (b) Value of perquisites u/s 17(2) of the Income tax, Act,1961 (c) Profits in lieu of salary under Section 17(3) of the Income –tax Act,1961	12 24335 Nil	1134000 38000 Nil	1134012 62335 Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit - others, specify	NA	NA	NA
5.	Others, please specify (Contribution to Provident Fund, Pension , Gratuity and Superannuation Funds		68400	68400
6.	Total(A)	24347	1240400	1264747
	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.S.K.Kar Non Executive Director	Mrs.Sonia Jabbar	Total Amount
	Independent Directors						
	-Fee for attending Committee meetings	98000	86000	-	-	-	184000
	-Commission	-	-	-	-	-	-
	-Others, please specify	-	-	-	-	-	-
	Total(1)	98000	86000	-	-	-	184000
	Other Non-Executive Directors						
	-Fee for attending board Committee meetings	-	-	-	20000	-	20000
	Commission	-	-	-	-	-	-
	-Other, please specify	-	-	-	-	-	-
	Total(2)			-	20000	-	20000
	Total(B)=(1+2)	98000	86000		20000		204000
	Total Managerial Remuneration	98000	86000		20000		204000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

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

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

II. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Authority [RD/NCLT /Court]	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Penalty Amount ₹	Appeal made, if any (give details)
A.Company Penalty	BSE	Clause 41 of Listing Agreement- Non submission of financial Results for the year ended 31 st ,March,2015	Fine of Rs85500/- and ₹ 5000/- per day till the date of compliance and if non-compliance continues for more than 15 days additional fine 0.1% of Paid up capital .	85500/- 470000/- (additional fee after 15 days)	Vide our letter Ref.OSIL/BSE/16-17 dated 05.09.2016
	BSE	Vide SEBI Circular No. CIR/CFD/POLICY/CELL/7/2014 dated September15,2014 and U/S 149(1)(b) of the Co's Act,2013. Listed companies should have at least one Woman Director and our Co. did not have it on the Board	Fine ₹ 57000/- Listed entities complying between July1, 2015 and September 30, 2015 Fine increases to ₹142000/	142000/-	Vide our letter Ref.OSIL/BSE/16-17 dated 05.09.2016
	BSE	Clause 31 of the Listing Agreement, Non Submission of Annual Report 2014-15, within period prescribed under this clause.	Annual Report should be received 21 days prior to the date of AGM. If non-compliance continues for more than 5 days, ₹1000/- per day till the date of compliance	27360/-	Vide our letter Ref.OSIL/BSE/16-17 dated 05.09.2016
	BSE	Clause 41 of the listing Agreement Non-submission of Financial Results for the quarter ended 30 th June,2015	Fine imposed ₹1053400/- due to continuing default for the subsequent quarter	1053400/-	Vide our letter Ref.OSIL/BSE/16-17 dated 05.09.2016
	BSE	Clause 41 of the listing Agreement Non-submission of Financial Results for the quarter ended 30 th September,2015	Fine imposed ₹595400/- due to continuing default for the subsequent quarter	595400/-	Vide our letter Ref.OSIL/BSE/16-17 dated 05.09.2016
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 (250,000 TPY), Waste Energy Recovery based Power Plants (36 MW) and a Billet making Plant (100,000 TPY). Growth in this sector of the Industry has slowed down for the last couple of years due to weak demand. Sponge Iron is one of the sources of metallic used for steel making. For better capacity utilization and for desired quality of Sponge Iron it is important to use the right qualities of raw materials i.e. iron ore and coal. Performance of Waste Energy Recovery based Power Plant depends on capacity utilization of the Sponge Iron Plants. Surplus power is sold generating revenue. Many Sponge Iron Plants are closed or facing the threat of closure due to shortfall in the supply of iron ore and coal as well as high cost of such inputs.

ii) Opportunities and threats:

Opportunities:

The Company was allotted Iron Ore Mines by the Central Government and the State Government of Odisha. Commencement of mining operations from the mines requires several approvals, clearances and fulfilment of conditions as specified in the respective documents. The Company has received all approvals and clearances including Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights) Act 2006 vide Letter dated 23rd June, 2016. The Company is presently awaiting Letter from the Central Government under Section 2 (iii) of the Forest Conservation Act, 1980 for proceeding to execute the Mining Lease. Availability of iron ore from captive mines will permit production at higher capacity and significantly improve profitability of the Company.

Threats:

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

iii) Segment-wise or product-wise performance:

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

During the year production of sponge iron, steel billets and power was Nil (Last year Nil) as the Plant as a whole was shut down. During the year the Company has purchased electricity 590160 (751200) units from NESCO amounting to ₹ 46.32 lakhs (₹ 55.71 lakhs). The Company has earned foreign exchange of ₹ Nil (₹132.40 lakhs) 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 suffered loss of ₹ 81.19 crores (₹ 95.29 crores). Total income however increased to ₹ 6.74 crores (₹ 2.59 crores) due to Sale of Freehold land amounting to ₹ 6.37 crores Earnings in foreign exchange on sale of technology amounted to ₹ Nil (₹ 1.32 crores). Loss after considering deferred tax this year amounted to ₹ 67.43 crores as compared to ₹ 80.13 last year. There was neither any production nor sale of power during the year as well as the previous year. Deferred Tax Assets of ₹ 13.76 crores (₹ 16.77 crores) has been considered in the Annual Accounts as sufficient taxable profit is envisaged in future years

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

The man power strength of the Company reduced to 394 employees as on 31.03.2016 as compared to 472 as on 31.03.2015 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 and one Directors respectively on the Board. The number of Non-Executive Directors is more than half of the total number of Directors on the Board.

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

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

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

Name of Directors	Category	Attendance in Board Meeting	Whether attended the last AGM held on 19 TH February 2016	Directorship in Other Public Limited Companies #	No. of membership / chairmanship of the Committees held in other Public Ltd. Companies #
1. Dr. P.K. Mohanty DIN 00238329	Vice Chairman and Managing Director (TRFI Nominee)	4	Yes	4	–
2. Mr. B. K. Sarkar DIN 00670952	Non-Executive (Independent)	4	Yes	1	–
3. Mr. S. K. Khetan DIN 01297082	Non-Executive (Independent)	1	No	2	–
4. Mr. M. Mohanty DIN 00264239	Executive Director (TRFI Nominee)	2	Yes	5	–
5. A.K.Mukherjee DIN 00047844	Non-Executive (Independent)	4	No	1	–
6. Mr. S.K..Kar** DIN 07220972	Non-Executive (IPICOL Nominee)	2	No	–	–
7. Ms.Sonia Jabbar** DIN 01222834	Non-Executive (TRFI Nominee)	–	No	–	–

** Mr.S.K.Kar, nominated by IPICOL as Director and Ms.Sonia Jabbar, nominated by TRFI as Woman Director were appointed as Additional Directors at the Board Meeting held on 29.08.2015.

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 Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- (4) Details of Directors seeking appointment / re-appointment in 36th Annual General Meeting are given with the Notice to the Annual General Meeting.

(B) Details of Board Meeting held during the financial year 2015-2016:

Sl.No.	Date	Board Strength	No. of Directors present
1.	22.05.2015	5	3
2	29.08.2015	7	6
3.	02.01.2016	7	3
4.	19.03.2016	7	5

(C) Change in Directorship during the financial year 2015-16

- a) IPICOL withdrew the nomination of Mr. P.C.Mohanty as Director on 06.04.2015 which was recorded at the Board Meeting held on 29.08.2015
- b) Mr.S.K.Kar, nominated by IPICOL as Director was appointed as Additional Director at the Board Meeting held on 29.08.2015. His appointment was later confirmed by the Shareholders at the Annual General Meeting held on 19.02.2016
- c) Ms.Sonia Jabbar nominated by TRFI as Woman Director was appointed as Additional Directors at the Board Meeting held on 29.08.2015. Her appointment was later confirmed by the Shareholders at the Annual General Meeting held on 19.02.2016. TRFI however withdrew her nomination which was recorded at the Board Meeting held on 11th June, 2016.

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3. Audit Committee:

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

During the Financial Year 2015-16, four meetings of the Audit Committee were held on 22.05.2015, 29.08.2015, 02.01.2016, 19.03.2016.

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

The composition of the Audit Committee as on 31.03.2016 and the attendance of each committee member during the year is as given here under:

Name of the Director	Category	No. of Audit Committee Meeting held	No. of Audit Committee Meeting Attended
Mr. B.K. Sarkar	Non-Executive & Independent	4	4
Mr. S. K. Khetan	Non-Executive & Independent	4	-
Mr. A.K.Mukherjee	Non-Executive & Independent	4	4

4. Nomination and Remuneration Committee:

The Board at its meeting held on 14th November, 2014, reconstituted the remuneration Committee as "Nomination and Remuneration Committee" (NRC) with the scope as prescribed under the provisions of Section 178 (1) of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 besides other terms as referred by the Board of Directors. The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board appointment / reappointment of Managing / Whole-time Directors, other Directors and Key Managerial Personnel and decide on the salary, perquisites and commission to be paid to them etc. along with evaluation of the remuneration policy of the Company.

Mr. B. K. Sarkar is the Chairman of the Nomination and Remuneration Committee.

Only one meeting of the Committee was held on 29th August, 2015 during the year 2015-16.

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

Name of the Director	Category	No. of Remuneration Committee 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

5. Ethics Committee:

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

No meeting of the Committee was held during the year 2015-16.

The composition of the Ethics Committee as on 31.03.2016 is as given here under:

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

6. Stakeholders Relationship Committee:

The Board at its meeting held on 14th November, 2014 reconstituted the Shareholders'/ Investors Grievance Committee as Stakeholders Relationship Committee to exercise powers and discharge functions as stipulated in Section 178(5) of the Companies Act, 2013, read with the provisions of Regulations 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant statutory / regulatory provisions besides other terms as referred by the Board of Directors. This committee primarily looks after the redressal of investors' grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. Stakeholders' Relationship Committee held four meetings during the financial year 2015-16, on 22.05.2015, 30.07.2015, 02.01.2016 and on 19.03.2016,

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

Name of the Director	Category	No. of Committee Meeting held	No. of Committee Meeting Attended
Mr. B. K. Sarkar	Non-Executive & Independent	4	4
Mr. M. Mohanty	Executive Director & CFO	4	2
Dr. P.K Mohanty	Vice Chairman & Managing Director	4	4

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

7. Risk Management Committee:

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The composition of the Risk Management Committee as on 31.03.2016 is as given hereunder:

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

Dr. P. K. Mohanty Vice Chairman & Managing Director is the Chairman of the Risk Management Committee. No meeting of the Committee was held during the year 2015-16.

8. Board Evaluation

(1) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Committee (NRC) has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director/Executive Directors, other Key Managerial Personnel and their remuneration.

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

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the Independent nature of the Directors Vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- c. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The NRC shall consider qualification, expertise and experience of the Directors in their respective fields; personal, professional or business standing; diversity of the Board etc., whilst recommending to the Board the candidature for appointment as Director.
- e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration of the performance evaluation of the Director and his engagement level.
- f. At the first meeting attended by the newly appointed Director, a brief training session in the form of familiarization with the business activities of the Company is imparted. The Company Secretary also briefs the Directors about the prevailing provisions of the Companies Act, 2013; the Rules made there under provisions of the SEBI (LODR) Regulations, 2015 in respect of corporate governance, SEBI Guidelines etc. concerning the Directors. The Company has laid down a detailed programme for familiarization of Independent Directors after their appointment which is displayed on the website of the company, viz. www.orissasponge.com.

(ii) Remuneration to Non-Executive Directors

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

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

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

Remuneration Policy for the Managing Director/Executive Director

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

Corporate Governance

- 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 NRC shall ensure/consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the MD/ED, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs.

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

- I. In determining the remuneration of the Senior Management Employees (i.e KMPs and Executive Committee Members) the NRC shall ensure/consider the following:
 - i. the relationship of remuneration and performance benchmark is clear.
 - ii. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals
 - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.
- II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the NRC for its review and approval.

9. Payment to Directors:

The Directors of the Company excluding Whole-time Directors have been paid sitting fees for attending meetings of the Board of Directors and Committee of Directors. The details of the payment made to the Directors during the financial year 2015-2016 are as follows:

Name of the Director	Executive/ Non- Executive	Sitting Fees(₹)	Remuneration(₹)
Mr. B. K. Sarkar	Non-Executive	98,000	–
Mr. A.K.Mukherjee	Non-Executive	86,000	–
Mr.S.K.Kar*	Non-Executive	20,000	
Dr. P.K. Mohanty**	Executive		24,347
Mr. M. Mohanty**	Executive		12,40,400

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

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

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. 033-22267470
 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	Resolved	Pending
Non receipt of Share Certificates	1	1	0
Non receipt of Annual Report	2	2	0
Non trading of share at BSE	4	0	4

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
2012-13	33 rd AGM	Bhubaneswar	27.09.2013	11.00 a.m.	None
2013-14	34 th AGM	Bhubaneswar	26.09.2014	11.00 a.m.	None
2014-15	35 th AGM	Bhubaneswar	19.02.2016	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 propose 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. The related party policy is displayed on the website of the Company, viz, www.orissasponge.com.

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

(1) Listing fee to the Stock Exchanges due for the financial year 2016-17 could not be paid.

(2) BSE has imposed penalties as follows:

SL. No.	Details of Penalty	Amount (₹)
1.	Clause 41 of listing agreement, non-submission of financial results as on 31 st March,2015	555500
2.	SEBI circular no. CIR/CFD/CMD/1/2015 dt 08.04.2015, non-appointment of woman director on the Board	142000
3.	Clause 31 of listing agreement non-submission of Annual Report for the year 2014-15	27360
4.	Clause 41 of listing agreement , non-submission of financial results for the quarter ended 30.06.2015	1053400
5.	Clause 41 of listing agreement , non-submission of financial results for the quarter ended 30.09.2015	595400

(3) Out of 105 Lakhs Share Warrant 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.

(c) Disclosure of Accounting Treatment:

The applicable Accounting Standards as issued by the Institute of Chartered Accountant of India have been followed in preparation of the financial statements of the Company as far as practicable.

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

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

The company has not made any capital issues during the year.
Commodity price risk or foreign exchange risk and hedging activities: Nil

13. Means of Communication:

The quarterly financial results are published in Mint (Kolkata and Bombay 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 Regulation 46 of SEBI (LODR) Regulations, 2015. .

14. General Shareholder Information:

- (a) 36th Annual General Meeting
Day: Friday
Date:16.12.2016
Time: 11.00 a.m.
Venue: Hotel Grand Central
Bhubaneswar
- (b) Financial Calendar for 2016-17 (Tentative):
Board Meeting for unaudited financial results for the 13th October, 2016
quarter ending 30th June, 2016
Board Meeting for unaudited financial results for the 2nd week of November, 2016
quarter ending 30th September, 2016
Board Meeting for unaudited financial results for the 2nd week of February, 2017
quarter ending 31st December, 2016
Board Meeting for audited financial results for the Last week of May, 2017
quarter ending 31st March, 2016
- (c) Annual Accounts 2016-17
May, 2017
- (d) Date of Book Closure
09.12.2016 to 16.12.2016 (both days inclusive)
- (e) Listing on Stock Exchange
Bombay Stock Exchange
Calcutta Stock Exchange (Applied for de-listing)
National Stock Exchange (Applied for listing)

Orissa Sponge Iron & Steel Limited

- (f) Stock Code Bombay Stock Exchange-504864
Calcutta Stock Exchange-10025083
- (g) Demat ISIN Number in NSDL & CDSL for Equity Shares INE 228D01013
- (h) Website The Company has a website www.orissasponge.com which is updated from time to time to incorporate therein the details as required by SEBI Regulation 46 (Listing Obligations and Disclosure Requirements), 2015.

(i) Stock Market Data:

Month	Bombay Stock Exchange	
	High Price ₹	Low Price ₹
April 2015	173.00	125.00
May 2015	158.00	120.40
June 2015	237.20	116.00
July 2015	289.90	192.00
August 2015	468.00	210.20
September 2015	448.00	360.30
October 2015	417.90	285.40
November 2015	302.20	287.10
December 2015	300.00	250.00
January 2016	309.90	238.60
February 2016	270.80	232.30
March 2016	243.00	230.90

(j) Registrar and Transfer Agents:

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

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

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

(k) Share Transfer System:

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

The Company received 23 cases of Share Transfer comprising of 1609 shares. Number of Transmission cases received during the year was 1 comprising of 55 shares and 1 cases of sub-division/duplicate/consolidation/replacement of shares comprising of 10 shares was received during the year.

(l) Distribution of share holdings as on 31.03.2016

No. of Shareholding	Share Holders		Total Share	
	Number	% to total	Number	% to total
1- 100	3202	61.11	122793	.45
101-500	1715	32.73	328866	1.22
501-1000	166	3.17	122128	0.45
1001-2000	79	1.51	106204	0.39
2001-3000	21	0.40	51962	0.19
3001-4000	6	0.11	20950	0.08
4001-5000	11	0.21	51084	0.19
5001-10000	11	0.21	77115	0.29
10001 and above	29	0.55	26118898	96.74
Total	5247	100.00	27000000	100.00

Shareholding pattern as on 31-03-2016

	No. of Shares	Holding %
Promoter & Promoter Group	78,42,933*	29.05
Public		
-Financial Institutions (Indian & Foreign) & Mutual Funds	17,052	0.06
-Non-Institutions	1,91,40,015	70.89
Total	2,70,00,000	100.00

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

Orissa Sponge Iron & Steel Limited

(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 64 cases for dematerialization comprising of 8284 shares. As on 31st March, 2016, 2,35,86,969 shares were held in dematerialized form which constitute 87.36% 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 751 024.

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, Pin: 758031, Odisha

Phone No. 06766 – 235223 / 225 / 227 / 229, Fax No. 06766 – 235205

E-mail: osilsite.2009@rediffmail.com

The manufacturing facility is situated here. .

Delhi Office:

H-1A, 2nd Floor, Hauz Khas, New Delhi – 110016, Fax: 011-26968924 / 26864548,

E-mail: osildelhi@gmail.com

This office carries out liaison work.

Corporate Office:

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

Phone: 033– 2288-3910 to 3916 Fax : 033– 22272511

E-mail: corporate@orissasponge.com

This office is center of Corporate activities having the offices of Vice Chairman and Managing Director; a Whole time Director & CFO and 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 personal 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. The Code of Conduct is displayed on the website of the Company, viz. www.orissasponge.com.

ii) Risk Management:

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

iii) Reconciliation of Share Capital Audit:

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

iv) Management Discussion and Analysis:

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

v) Certificate on Corporate Governance:

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

vi) CEO/CFO Certificate:

A Certificate duly signed by the Managing Director and CFO relating to financial statements and Internal Control Systems for financial reporting, accounting policy etc. for the year ended 31.03.2016 as stipulated under Regulation 17 (8) read with Part B of Schedule II to SEBI (LODR) Regulation 2015 was placed before the Board and the same was taken on record.

Orissa Sponge Iron & Steel Limited

vii) Compliance by Company Secretary:

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

viii) Cautionary Statement:

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

ix) Certificate:

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

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

Mr. N.C.Sinha, Senior Officer Secretarial Department, Orissa Sponge Iron & Steel Limited, CIC Building, 11th floor, 33A Jawahar Lal Nehru Road, Kolkata-700071, Phone :03322883910-16, Fax:033-22267470, E-mail: corporate@orissasponge.com

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

To
The Members of Orissa Sponge Iron & Steel Limited

We have examined the compliance of conditions of Corporate Governance by Orissa Sponge Iron & Steel Limited ("the Company") ended on 31st March, 2016 as stipulated in clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period December 1, 2015 to March 31, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable, 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 Independent Directors in the Board;
3. The Company has not executed the new listing agreement with the stock exchanges in terms of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015;
4. The Company has not paid the listing fee for the financial year 2015-2016;
5. There was delay in submission of financial results (quarterly and annual), annual report and making other compliances with the stock exchange during the year under report;
6. The Company was not regular in making the compliances and accordingly the penalty was imposed by the Bombay Stock Exchange for that and even the trading in the shares of the Company has also been suspended at the stock exchange;
7. Certain informations as stipulated vide Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not posted at the website of the Company;
8. There was delay in appointment of the woman director in the Board of Directors of 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)
Practicing Company Secretary
FCS – 4848 / CP No - 3238

Place :Kolkata
Dated:13.10.2016

Certificate of Compliance of the Code of Conduct of the Company

The Members of
Orissa Sponge Iron & Steel Limited

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

Place :Kolkata
Dated:13.10.2016

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

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

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

Based on my verification of the **ORISSA SPONGE IRON AND STEEL LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **ORISSA SPONGE IRON AND STEEL LIMITED**, ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - A) Non- Compliance :
 - (i) Company Secretary under Section 203 of the Companies Act, 2013 not appointed during the period under review;
 - (ii) Annual General Meeting for the Financial Year 2014-15 was held beyond the extension granted i.e. on 19th February, 2016 and Annual Return for the same was not filed within the specified time.
 - 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.
 - (ii) 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;
 - A) 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 31.03.2016 amount to ₹ 2,50,78,269/- & Employees Pension dues amount to ₹31,69,000/- are unpaid.
 - B) Ongoing Litigation- Regional Provident Fund Commissioner, Keonjhar has initiated case against Company demanding ₹2,01,95,859/- 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:

- i. 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(4) of the Act on the Property of the Company against Default in Repayment of INR 209,83,31,257.50/- ;
- ii. The Indian Renewable Development Agency Limited (IREDA) has issued Notice under Section 13(2) of SARFAESI on 22.09.15 against default of ₹ 67,45,32,665/-;
- iii. Application has been filed with DRT by SBI on 23.05.15, PNB on 28.12.15 and Edelweiss Asset Reconstruction Company on 18.05.15

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 Company has to pay penalty of Rs 27360/- for the non-compliance of the Clause 31.
- B) The Company has not submitted the Audited Financial Result for the March Quarter, 2015, Unaudited Quarterly Result for June, September 2015. SEBI has issued letters depicting an amount of fine of ₹ 85,500/-, ₹ 1053400/-, ₹ 595400/- respectively. to the Company.
- C) The Company did not have a Woman Director till 29.08.2015, thus SEBI imposed a fine of ₹1,42,000/-.
- D) The Listing Fees not paid for the FY 2015-16 to the Stock Exchange of ₹ 2,29,000/-

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

I further report that

The Board of Directors of the Company is duly constituted with adequate No. of Independent Directors except for 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 2016:

- I. Dues of Central Sales Tax, Orissa Sales Tax, ad Entry Tax amounting to INR 30.91 Lakhs and Provident Fund Dues to the extent of INR 282.47 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).

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

Place: Kolkata
Date: 21.09.2016

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, 2016, 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143 (11) of the Act.
5. We conducted our audit 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 material 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's directors, as well as evaluating the overall presentation of the 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, 2016 and its loss and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

9. Without qualifying our opinion we draw attention on the following:
 - a. The company has suspended production in July 2012; incurred a net loss of ₹ 6742.89 lacs during the year ended 31st March, 2016 and the accumulated losses as on that date amount to ₹ 42815.60 lacs; the Company's net worth has become negative; the current liabilities exceeded its current assets by ₹ 51254.84 lacs; the company defaulted in repayment of term loan and cash credit facilities to all the Lenders and SBI, BOI and PNB have taken possession of all the assets at the plant under Section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). These conditions indicate the existence of material uncertainty that may cause significant doubt about the company to continue as a going concern.
 - b. Referring to Note No 12 (1) of Notes on Accounts to the financial Statements wherein the company has considered deferred tax assets of ₹ 14107.07 lakhs including ₹ 1376.25 lakhs for the current year on the assumption that the Company will be able to earn sufficient profit in future years to recoup the carry forward of losses, when. Iron ore will be available from captive mines. We cannot comment on the certainty of the future profits.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance sheet, Statement of Profit & Loss 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 statements 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - I. The Company has disclosed the impact, if any, of pending litigations as on 31st March, 2016 on its financial position 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 contracts for which there were any material foreseeable losses
 - III. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" /"CARO 2016") issued by the Central Government in terms of Section 143 (11) of the Act, 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(A.K.Bhardwaj)
Partner

Membership No. 052723

Place: Kolkata
Date : 13th October, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **ORISSA SPONGE IRON & STEEL LIMITED** ("the Company") as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Kolkata
Date : 13th October, 2016

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

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 11 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

Orissa Sponge Iron & Steel Limited

7. (a) According to the information and explanation given to us except Central Sales Tax, Orissa Sales Tax and Entry Tax Liability totalling ₹30.91 lakhs and Provident Fund dues to the extent of ₹ 282.47 lakhs no undisputed dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs duty, Excise duty, value added tax, cess and other material statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no disputed dues which have remained unpaid as on 31st March, 2016 on account of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, value added tax, cess except as follows:

Nature of Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax	3.27	2006-07	Petition u/s 154 before assessing authority
Central Excise	96.08	2005-06 to 2010-11	Commissioner of Appeals, Central Excise
Central Excise	59.25	2004-05 to 2007-08	Additional Commissioner, Central Excise
Orissa Sales Tax & VAT	817.44	1985-86 to 2006-07	Various Authorities
Central Sales Tax	2495.87	1985-86 to 2006-07	Various Authorities

8. The company has defaulted in repayment of dues to the Bankers and Financial Institutions as on 31st March, 2016 as detailed below

Term Loan from Banks	Details	₹ in Lakhs		₹ in Lakhs	
Name of Banks		Amount of Default as on 31.03.2016	Default has started since	Amount of Default as on 31.03.2015	Default has started since
State Bank of India (SBI)	Principal	3635.00	January-11	3635.00	January-11
	Interest	4673.67	April-11	3380.31	April-11
Punjab National Bank (PNB)	Principal	1672.77	October-11	1672.77	October-11
	Interest	1270.22	August-11	1138.51	August-11
Bank of India (BOI) - WCTL	Principal	94.95	April-13	94.45	April-13
	Interest	72.10	November-12	47.73	November-12
Indian Renewable Energy Development Agency Limited (IREDA)	Principal	6011.05	June-11	2989.67	June-11
	Interest	4531.43	June-11	3231.17	June-11
Edelweiss Asset Reconstruction Company Limited (EARC)	Principal	1323.00	March-11	1323.00	March-11
	Interest	1966.90	April-11	1425.05	April-11
Cash credit from Banks :					
State Bank of India		6814.82	April 2011	6814.82	April 2011
Bank of India		612.40	March 2013	552.85	March 2013
Cash Credit from Other Parties					
Edelweiss Asset Reconstruction Company Limited		855.91	July 2011	855.91	July 2011

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

9. In our opinion and according to the information and explanation given to us money raised by the Company by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purpose for which it was raised. During the year the Company has not raised any such money.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officer or employees has been noticed or reported during the year
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
12. The Company is not a Nidhi Company and hence reporting under Clause (xii) of the CARO 2016 is not applicable
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of the shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of CARO 2016 is not applicable to the Company
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with its Directors or associate companies as applicable or persons connected with them and hence the provisions of Section 192 of the Companies Act, 2013 are not applicable. The Company has no Subsidiary on the reporting date.
16. The company is not required to be registered under Section 45-IA of the Reserve bank of India Act, 1934.

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

(A.K.Bhardwaj)
Partner

Membership No. 052723

Place: Kolkata
Date : 13th October, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Notes No.	31st Mar, 2016 ₹ / lacs	31st Mar, 2015 ₹ / lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	4,700.00	4,700.00
Reserves & Surplus	4	(6,568.00)	204.38
Money received against Share Warrant	5a	601.50	601.50
		-	-
		(1,266.50)	5,505.88
Non-current liabilities			
Long-term Borrowings	6	-	2,000.00
Long-term Provisions	7	71.17	84.39
		71.17	2,084.39
Current liabilities			
Short-term borrowings	8	8,292.07	8,344.82
Trade payables	9	2,357.46	2,337.36
Other current liabilities	9	43,645.65	34,422.14
Short term provisions	7	917.56	959.79
		55,212.74	46,064.11
TOTAL		54,017.41	53,654.38
ASSETS			
Non-current assets			
Fixed assets			
Tangible Assets	10	30,801.94	31,813.43
Intangible Assets	10A	259.48	237.96
Capital Work -in-Progress	10	3,554.50	3,550.90
Non-current investment	11	402.23	402.23
Deferred tax assets(Net)	12	14,107.07	12,730.82
Long term loans and advances	13	934.29	933.79
		50,059.52	49,669.13
Current assets			
Current investments	14	2.02	12.20
Inventories	15	2,710.16	2,710.16
Trade receivables	16	148.08	182.12
Cash and cash equivalents	17	95.66	90.80
Short term loans and advances	13	1,001.97	989.97
		3,957.89	3,985.25
TOTAL		54,017.41	53,654.38
Significant Accounting Policies			
Notes on Financial Statements	1 to 38		

See accompanying notes forming an integral part of the financial statements.

In terms of our annexed report of even date.

For A. K. BHARDWAJ & CO

Chartered Accountants
FRN 316085E

A. K. BHARDWAJ

Partner
Membership No.052723
Place : Kolkata
Dated : 13th October, 2016

For and of behalf of the Board

B.K.Sarkar, Director

A.K.Mukherjee, Director

S.K.Kar, Director

M. Mohanty
Director & CFO

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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Notes No.	31st Mar, 2016 ₹ / lacs	31st Mar, 2015 ₹ / lacs
INCOME			
Revenue from operations	18	-	175.37
Profit on sale of Freehold Land	19	637.08	-
Other income	20	36.76	84.05
Total Revenue		<u>673.84</u>	<u>259.42</u>
EXPENDITURE			
Cost of materials consumed	21	-	-
Change in inventories of finished goods	22	-	-
Employee benefit expenses	23	701.08	1,092.01
Finance cost	24	6,725.23	6,711.76
Depreciation & amortization expense	25	927.84	940.76
Other expenses	26	438.83	1,044.29
Total Expenses		<u>8,792.98</u>	<u>9,788.82</u>
(Loss) before exceptional and extraordinary items and tax		(8,119.14)	(9,529.40)
Exceptional item		-	160.25
(Loss) for the year before tax		<u>(8,119.14)</u>	(9,689.65)
Tax expense :			
Current Tax		Nil	Nil
Tax for earlier years		-	-
Deferred Tax - Assets		1,376.25	1,676.54
(Loss) for the year after tax		<u>(6,742.89)</u>	<u>(8,013.11)</u>
Basic & Diluted Earning per share (`) (Face value of ` 10/- each)	34	(24.97)	(29.68)
Significant Accounting Policies Notes on Financial Statements	1 to 38		

See accompanying notes forming an integral part of the financial statements.

In terms of our annexed report of even date.

For A. K. BHARDWAJ & CO

Chartered Accountants

FRN 316085E

A. K. BHARDWAJ

Partner

Membership No.052723

Place : Kolkata

Dated : 13th October, 2016

For and of behalf of the Board

B.K.Sarkar, Director

A.K.Mukherjee, Director

S.K.Kar, Director

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

M. Mohanty
Director & CFO

Orissa Sponge Iron & Steel Limited

	2015-16 ₹ / lacs	2014-15 ₹ / lacs
A. Cash Flow From Operating Activities		
Profit/(Loss) before tax	(8,119.14)	(9,689.65)
Adjustments for :		
Depreciation	927.84	940.76
Loss on sale of Fixed Assets	(1.87)	1.08
Bad debts/advances written off	-	72.95
Provision for doubtful advances	59.50	191.68
Interest & Financial charges	6,725.23	6,711.76
Extra-ordinary item	-	160.25
Provision for diminution in value of Long Term Investments	0.39	-
Profit on sale of Freehold Land	(637.08)	-
Liability written back since not payable	(0.20)	(6.62)
Interest received	(7.54)	(15.87)
Operating Profit / (Loss) before Working Capital changes	(1,052.87)	(1,633.68)
Adjustment for		
Trade and other receivables	28.91	12.42
Inventories	-	517.16
Current maturities of long term debts	(2,000.00)	(1,700.12)
Trade payable & other Liabilities	2,549.51	2,451.94
Cash Generated from Operation	(474.45)	(352.28)
Tax Paid	(7.37)	(1.31)
Tax Refund	-	15.44
Net Cash Flow from Operating Activities	(481.82)	(338.15)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(23.65)	(9.56)
Sale of Fixed assets	695.24	3.85
Bank balances not considered as cash and cash equivalents	5.02	26.91
Fixed Deposit Purchased	-	(3.94)
(Purchase)/sale of Investment	9.79	(1.07)
Net Cash Flow from Investing Activities	686.40	16.19
C. Cash Flow from Financing activities		
Payment of Bank Guarantee Invoked	(59.50)	(100.80)
Proceeds from short term borrowings	(52.75)	86.47
Repayment against long term borrowings	-	(3.58)
Inter Corporate Deposit	12.87	209.59
Finance cost paid	(102.86)	(78.74)
Interest received	7.54	15.87
Net Cash used in Financial Activities	(194.70)	128.81
Net (Decrease)/Increase in cash or cash equivalents	9.88	(193.15)
Cash and cash equivalent at the beginning of the year	22.21	215.36
Cash and cash equivalent at the end of the year	32.09	22.21

See accompanying notes forming an integral part of the financial statements.

In terms of our annexed report of even date.

For A. K. BHARDWAJ & CO

Chartered Accountants
FRN 316085E

A. K. BHARDWAJ

Partner
Membership No.052723
Place : Kolkata
Dated : 13th October, 2016

M. Mohanty
Director & CFO

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

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1. CORPORATE INFORMATION:

- 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 July 2012 due to unviable cost economics and continuing losses. In the present scenario viability of the Company is largely dependent on availability of raw material from captive sources.
- 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 their demand for recall of the loan issued under Section 13 (2) of the Act earlier could not be paid by the company. As it stands, the aforesaid banks have taken possession of the property described in the notice. In addition, State Bank of India, Punjab National Bank and Edelweiss Asset Reconstruction Company Limited 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). Indian Renewable Development Agency Limited has been pursuing the cases initiated by them under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of post dated cheques issued to them.
- 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 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
- 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 Stage I Clearance from the Ministry of Environment and Forest vide Letter dated 21st September, 2016 and Compliance Certificate under the Scheduled Tribes and Other Traditional Dwellers (Recognition of Forest Rights) Act 2006 vide Letter dated 23rd June, 2016. The Company is presently awaiting Letter from the Central Government under Section 2 (iii) of the Forest Conservation Act, 1980 for proceeding to execute the Mining Lease. Availability of iron ore from captive mines will permit production at higher capacity and significantly improve profitability of the Company.
- f) 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 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 result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

III. Revenue recognition

Revenue from sale of products is recognized when the products are 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 has been provided on the straight line method, as per the useful life prescribed in Schedule II of 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 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 Benefit and Employees 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 and 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 and 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 and 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 and 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 subsequently 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).

31st Mar, 2016
₹ / lacs

31st Mar, 2015
₹ / 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
	8,000.00	8,000.00

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	2,000.00
	4,700.00	4,700.00

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 31 st March, 2016		As at 31 st March, 2015	
	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	27,000,000	2,700.00	27,000,000	2,700.00
Preference Share				
At the beginning of the year	-	-	-	-
Issued during the year	20,000,000	2,000.00	20,000,000	2,000.00
At the end of the year	20,000,000	2,000.00	20,000,000	2,000.00

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 on 14.08.2014 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 to ₹19.51crores and Tor Steel Services Private Limited (related parties) 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, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
Equity Shares				
Monet Ispat & Energy Ltd.	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 Ltd.	19,510,000	97.55	19,510,000	97.55

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4 RESERVES AND SURPLUS	31st March, 2016		31st March, 2015
	₹ / lacs	₹ / lacs	₹ / lacs
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	11,975.06		12,004.55
Less: Withdrawn	29.49		29.49
	<u>11,945.57</u>		11,975.06
Addition during the year on revaluation of land	-		-
		<u>11,945.57</u>	11,975.06
General Reserve			
As per last Account		1,672.23	1,672.23
Surplus			
Profit & Loss Account :			
As per last Account		(36,072.71)	(27,886.70)
Add: Adjustment relating to Fixed Assets (Refer Note No - 10(6))		-	(172.90)
Add: Loss transferred from Profit and Loss Statement		(6,742.89)	(8,013.11)
		<u>(42,815.60)</u>	<u>(36,072.71)</u>
		<u>(6,568.00)</u>	204.38

5 a) Money received for issue of Share Warrants

Equity share warrants amounting to ₹ 601.50 lacs represents 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, 2016		As at 31st March, 2015	
	Non current ₹ / lac	Current ₹ / lac	Non current ₹ / lac	Current ₹ / lac
Term Loan : Secured				
a) From Banks:				
State Bank of India (SBI)	-	3,635.00	-	3,635.00
Punjab National Bank (PNB)	-	1,672.77	-	1,672.77
Bank of India (BOI) - WCTL	-	94.45	-	94.45
	-	<u>5,402.22</u>	-	<u>5,402.22</u>
b) From Other parties				
Indian Renewable Energy Development Agency Limited (IREDA)	-	4,931.69	2,000.00	2,931.69
Funded Interest on Term Loan	-	1,079.36	-	1,079.36
Edelweiss Asset Reconstruction Co. Ltd.(EARC)	-	1,323.00	-	1,323.00
	-	<u>7,334.05</u>	2,000.00	<u>5,334.05</u>
c) Other loans and advances				
Finance lease obligation	-	-	-	1.58
Inter Corporate Deposit	-	232.53	-	219.65
	-	<u>232.53</u>	-	<u>221.23</u>
Total (a + b + c)	-	<u>12,968.80</u>	2,000.00	<u>10,957.50</u>

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

6.2 All the lenders of Term Loan have issued loan recall notice to the company under Section 13 (2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002. Consequently term loan repayments due and payable to all the Term Lenders have been shown under current maturity.

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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 @ 16.50% to 17.20% 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	3635.00	-	-	-	-
Punjab National Bank	1672.77	-	-	-	-
Bank of India - WCTL	94.45	-	-	-	-
	<u>5402.22</u>	<u>-</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Indian Renewable Energy Development Agency Limited (IREDA)	6011.05	-	0.00	0	0
Edelweiss Asset Reconstruction Co Ltd.	1323.00	-	-	-	-
	<u>12736.27</u>	<u>-</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

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

Term Loan from Banks :

Name of Banks		Amount of Default as on 31.03.2016	Default has started since	Amount of Default as on 31.03.2015	Default has started since
State Bank of India	Principal	3635.00	January-11	3635.00	January-11
	Interest	4673.67	April-11	3380.31	April-11
Punjab National Bank	Principal	1672.77	October-11	1672.77	October-11
	Interest	1270.22	August-11	1138.51	August-11
Bank of India - WCTL	Principal	94.45	April-13	94.45	April-13
	Interest	72.10	November-12	47.73	November-12
Term Loan from other parties :					
Indian Renewable Energy Development Agency Limited (IREDA)	Principal	6011.05	June-11	2989.67	June-11
	Interest	4531.43	June-11	3231.17	June-11
Edelweiss Asset Reconstruction Co. Ltd.	Principal	1323.00	March-11	1323.00	March-11
	Interest	1966.90	April-11	1425.05	April-11

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

7 PROVISIONS

	As at 31st March, 2016		As at 31st March, 2015	
	Long-term	Short-term	Long-term	Short-term
	₹ / lacs	₹ / lacs	₹ / lacs	₹ / lacs
a) Provisions for employee benefits				
Provision for gratuity	-	890.95	-	917.92
Leave encashment	71.17	6.80	84.39	26.40
Superannuation Fund		4.34	-	-
b) Other Provisions				
Sales Tax & Entry Tax	-	15.47	-	15.47
	<u>71.17</u>	<u>917.56</u>	<u>84.39</u>	<u>959.79</u>

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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 :

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

Particulars	Entry tax	Sales tax
Carrying amount as at 01.04.2015	7.41 lacs	8.06 lacs
Provision made during the year	Nil	Nil
Amount used during the year	Nil	Nil
Unused amount reversed during the year	Nil	Nil
Carrying amount as at 31.03.2016	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.

	31.03.2016	31.03.2015
	₹ / lacs	₹ / lacs
8 SHORT TERM BORROWINGS		
a) Cash Credit from Banks & Others :(Secured)		
(including interest charged by banks)		
Bank of India	612.40	552.85
State Bank of India	6,814.67	6,814.82
Edelweiss Asset Reconstruction	855.91	855.91
b) Interest free loans and advances from related parties	9.09	121.24
payable on demand (unsecured) (refer note 36)		
	8,292.07	8,344.82

- 8.1 State Bank of Bikaner and Jaipur (SBBJ) have assigned the financial exposure taken in the Company by transfer of debts , rights and obligations to Edelweiss Asset 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 & spares , book debts etc. paripasu secured charge on immovable properties and other fixed assets and also guaranteed by personal guarantee of vice Chairman and Managing Director of the company. The above cash credit is repayable on demand and carries interest @ 15.75% to 17.15%.

Orissa Sponge Iron & Steel Limited

8.4 Details of default in repayment of Cash Credit

Cash credit from Banks & Others :

Name of Banks	As at 31.03.2016		As at 31.03.2015	
	Amount of Default ₹ / lacs	Default has started since	Amount of Default ₹ / lacs	Default has started since
State Bank of India	6814.67	April 2011	6814.82	April 2011
Bank of India	612.40	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.

9 OTHER CURRENT LIABILITIES

Trade payables *	2,357.46	2,337.36
Other liabilities		
Current maturities of long-term debts (Refer Note No. 6 a & b)	12,736.27	10,736.26
Current maturities of finance lease obligation (Refer note No. 6 c)	232.53	221.23
Interest accrued and due on Term Loan	12,514.32	9,222.78
Interest accrued and due on cash credit	11,705.09	8,374.28
Advance against order	2,931.26	2,931.39
Creditors for Capital Expenditure	348.16	343.62
Liability for other expenses	955.40	743.01
Liability for wages and salaries	1,412.86	1,136.71
Security Deposit & Tender Deposit	151.60	155.17
Other payables	658.16	557.69
	43,645.65	34,422.14
	46,003.11	36,759.50

* 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

₹ / lacs -

As at 31.03.2016	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	46.16	91.82	102.81	247.27	52,611.71
Additions	-	-	-	-	2.12	-	-	-	2.12
Disposals	-	47.82	-	-	9.93	1.49	-	12.29	71.53
Cost at end of year	9,673.60	2,095.41	7,313.34	32,993.48	38.35	90.33	102.81	234.98	52,542.30
Depreciation at beginning of year	-	-	2,828.37	17,577.65	35.83	63.43	101.52	191.48	20,798.28
Charge for the year	-	-	203.30	723.28	2.24	4.25	0.17	24.08	957.32
Disposals	-	-	-	-	5.61	0.85	-	8.78	15.24
Adjustment of Expired Assets	-	-	-	-	-	-	-	-	-
Depreciation at end of year	-	-	3,031.67	18,300.93	32.46	66.83	101.69	206.78	21,740.36
Net book value at beginning 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
Net book value at end of year	9,673.60	2,095.41	4,281.67	14,692.55	5.89	23.50	1.12	28.20	30,801.94

Note - 5

CAPITAL WORK-IN-PROGRESS

3,554.50

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

3550.90

NOTE

1. Cost at the beginning of the year includes increase in valuation of ₹1042.01 lacs and ₹5091.98 in Buildings and Plant & Machinery respectively on Revaluation of assets as at 31st March ,1993.
2. Cost of Land at the beginning of the year includes increase in valuation of ₹11711.80 lacs on Revaluation of Land as at 31st March ,2014.
3. Depreciation includes ₹842.46 lacs (₹812.97 lacs) and ₹5057.76 lacs (₹5057.76 lacs) in Building and Plant & Machineries respectively on increased value of assets due to revaluation.
4. Fixed Assets includes vehicles acquired under finance lease with a Gross Block of ₹ Nil lacs (₹13.63 lacs), Accumulated Depreciation of ₹ Nil lacs (₹ 5.30 lacs) and Net Block of ₹ Nil lacs (₹ 8.33 lacs).
5. Capital Work in progress includes captive power plant expansion ₹ 3207.26 lacs (₹3207.26 lacs).
6. Pursuant to the Provisions 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 the statement of Profit & Loss in the last year.
7. Disposal of Freehold Land represents the cost of 2.283 acres of land sold during the year.

Orissa Sponge Iron & Steel Limited

13 LOANS AND ADVANCES

		As at 31 st March, 2016		As at 31st March 2015	
		(Long-term) ₹ / lacs	(Short-term) ₹ / lacs	(Long-term) ₹ / lacs	(Short-term) ₹ / lacs
Capital advance					
Unsecured, considered good	(A)	217.33	-	211.61	-
Security deposit					
Unsecured, considered good	(B)	124.73	-	134.38	-
Loans and advances to related parties (note -36)					
Unsecured, considered good		-	-	-	-
Doubtful		-	-	1,927.51	-
		-	-	1,927.51	-
Provision for doubtful advances		-	-	1,927.51	-
	(C)	-	-	-	-
Advance recoverable in cash or in kind					
Unsecured, considered good		80.53	286.32	76.11	264.17
Doubtful		399.68	-	357.35	-
		480.21	286.32	433.46	264.17
Provision for doubtful advances		399.68	-	357.35	-
	(D)	80.53	286.32	76.11	264.17
Other loans and advances					
Advance income tax and tax deducted at source(Net of provision for taxation)		-	31.90	-	24.53
Prepaid expenses		-	0.74	-	18.72
Loans to employees		-	-	-	-
Balance with statutory/government authorities		511.70	683.01	511.69	682.55
	(E)	511.70	715.65	511.69	725.80
Total (A+B+C+D+E)		934.29	1,001.97	933.79	989.97

13.1 Loans and advances to related parties includes:

Pursuant to the judgment of the appellate authority for Industrial & Financial Reconstruction vide order dated 6th January 2015 confirming the winding up of Bilati Orissa Limited , the advance receivable from the said company has been written off against the provision for doubtful advance in the previous years .

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 .

31st March, 2016	31st March 2015
₹ / lacs	₹ / lacs

14 CURRENT INVESTMENT - 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 Ltd (includes 5,340 Bouns Shares

- 11.57

63,524(63,524) Equity Shares of ₹50 each of Rathi Steel & Power Limited.
(Market value ₹2.03 lacs , previous year ₹ 2.10 lacs)

31.76 31.76

31.76 43.33

Add / (Less) Provision for diminution in value of current investments.

(29.74) (31.13)

2.02 12.20

14.1 Share of Industrial Development Bank Ltd. has been sold during the year .

Orissa Sponge Iron & Steel Limited

	31st March, 2016 ₹ / lacs	31st March 2015 ₹ / lacs
15 INVENTORIES		
(At lower of cost and net realisable value)		
Finished Goods	1,211.01	1,211.01
Raw Materials	939.24	939.24
Stores and Spares	559.91	559.91
	2,710.16	2,710.16
In view of substantial reduction in the value of inventories for possible deterioration of grade and quality made in the previous years no further reduction in the value is considered during the year .		
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	182.12
Unsecured, considered doubtful	-	-
	148.08	182.12
Others	-	-
	148.08	182.12
Less : Provision	-	-
Total Trade Receivables	148.08	182.12
17 CASH AND BANK BALANCES		
(A) Cash and cash equivalents		
(a) Cash on hand	2.41	1.80
(b) Balances with Banks		
(1) In Current Account	29.68	20.41
(2) In Deposit Accounts (maturing in three months or less)	-	-
Total Cash and cash equivalent	32.09	22.21
(B) Other bank balances		
Fixed deposit with banks	-	-
(maturing after three months but within twelve months)		
On Margin money deposit	63.57	68.59
	63.57	68.59
Total Cash and bank balances	95.66	90.80
18 REVENUE FROM OPERATIONS		
Sale of products	-	-
Sale of Power	-	-
Engineering and Technical Services	-	175.37
	-	175.37
19 Profit on sale of Freehold Land represents the profit earned by the company on sale of 2.283 acres of freehold land during the year.		
20 OTHER INCOME		
Interest (Gross) (TDS deducted ₹ Nil lacs (₹1.31 lacs)	7.54	15.87
Dividend	-	0.04
Miscellaneous Income (Net of excise duty ₹ Nil , previous year ₹ Nil)	29.02	60.46
Change in valuation of long term Investment	-	1.06
Liability written back since no longer payable	0.20	6.62
	36.76	84.05

Orissa Sponge Iron & Steel Limited

	31st March, 2016	31st March 2015
	₹ / lacs	₹ / lacs
21 COST OF MATERIALS CONSUMED		
MATERIAL EXPENSES		
Raw Materials Consumed		
Opening Stock	939.24	1,067.94
Add : Purchases	-	-
	-	1,067.94
Less : Recoveries from waste disposal	-	-
Less : Stock adjustment arising out of physical verification booked under Other Expenses	-	-
Less : Diminution in value for quality deterioration booked under Other Expenses	-	128.70
	939.24	939.24
Less : Closing Stock	939.24	939.24
	-	-
Details of Materials consumed		
Iron ore	-	-
Coal	-	-
Limestone & Dolomite	-	-
Steel Scrap	-	-
Others	-	-
	-	-
22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK IN TRADE		
Opening stock		
Finished Goods	1,211.01	1,599.47
Less : Diminution in value for quality deterioration booked under Other Expenses	-	388.46
Closing stock		
Finished Goods	1,211.01	1,211.01
	-	-
Details of Excise duty in finished goods stated above		
Opening stock	133.22	175.95
Less : Diminution in value for quality deterioration booked under Other Expenses	-	42.73
Closing stock	133.22	133.22
	-	-
23 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	560.35	808.37
Contribution to Provident Fund , Gratuity and Other Funds	41.62	202.12
Staff Welfare Expenses	99.11	81.52
	701.08	1,092.01
24 FINANCE COST		
Interest expenses	6,711.96	6,696.72
Other borrowing costs	13.27	15.04
	6,725.23	6,711.76
24.1 Interest include interest advised and charged by the lenders during the year towards penal interest from the date of NPA to 31.03.2016.		
25 DEPRECIATION AND AMORTISATION EXPENSE		
For the year	957.33	970.25
Less : Withdrawn from Revaluation Reserve	29.49	29.49
	927.84	940.76
26 OTHER EXPENSES		
Manufacturing expenses		
Power & Fuel	45.83	54.22
Repairs to Machinery	1.21	5.16
	47.04	59.38

Orissa Sponge Iron & Steel Limited

	31st March, 2016	31st March 2015
	₹ / lacs	₹ / lacs
Administrative , selling and other expenses		
Rent	8.55	11.30
Rates & Taxes	12.08	11.63
Insurance	5.69	13.48
Travelling & Conveyance	17.95	22.69
Postage ,Telephone & Telex	7.51	9.13
Printing & Stationery	3.12	4.94
Upkeep maintenance	7.69	13.83
General Repairs	7.05	6.75
Bad Debt / advances written off	1,944.68	158.08
Less : Adjusted with Provision for doubtful Advances	1,944.68	(85.13)
Provision for doubtful advances	59.50	191.68
Provision for diminution in value of investments	0.39	-
Legal & Professional Expenses	201.49	76.90
Miscellaneous Expenses	60.77	75.20
Provision for diminution in value of Inventories for quality deterioration	-	474.43
	391.79	984.91
Total	438.83	1,044.29

27 Disclosures in accordance with revised AS-15 on "employees benefits"

a) Defined Contribution Plans:

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

Particulars	2015-16	2014-15
	₹ / lacs	₹ / lacs
Employers' Contribution to Provident Fund	15.47	26.74
Employers' Contribution to Superannuation Fund	1.23	11.84
Employers' Contribution to Employees' Pension Scheme	31.69	36.23
Total	48.39	74.81

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 availment of leave while in service and qualifying salary on the date of availment 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	2015 - 16		2014 - 15	
	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	1007.25	110.80	920.65	144.27
Service cost	(117.92)	2.48	197.77	1.68
Interest cost	4.46	8.33	8.07	9.57
Benefits settled	(74.46)	(22.71)	(32.65)	(26.34)
Actuarial (Gain) / Loss	94.02	(4.01)	(86.59)	(18.38)
Obligation at the end of the year	913.35	94.89	1007.25	110.80

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Particulars	2015 - 16		2014 - 15	
	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	89.33	-	99.01	-
Expected return on plan assets	4.46	-	8.07	-
Actuarial (Gain) / Loss	(3.05)	-	(3.25)	-
Contributions	6.00	-	18.15	-
Benefits settled	(74.46)	-	(32.65)	-
Plan Assets at the end of the year, at fair value	22.28	-	89.33	-
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	22.28	-	89.33	-
Present value of the defined benefit obligation at the end of the year	913.35	94.89	1007.25	110.80
Assets / (liability) recognised in the balance sheet	(891.07)	(94.89)	(917.92)	(110.80)
Gratuity cost for the year				
Service cost	(117.92)	-	197.75	-
Interest cost	4.46	-	8.07	-
Expected return on plan assets	(4.46)	-	(8.07)	-
Actuarial (Gain) / Loss	96.96	-	(83.33)	-
Net Gratuity cost	(20.96)	-	114.42	-
Assumptions				
Interest rate	8.35%	7.60%	9.00%	7.50%
Expected rate of return on plan assets	8.35%	7.60%	9.00%	7.50%
Expected rate of salary increase	6.00%	9%	4%	9%
Retirement age	58	58	58	58

28 Lease

Fixed Assets acquired under Finance Leases:

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

Period	2015 - 16 ₹ / lacs	2014 - 15 ₹ / lacs
Within one year	-	1.58
Later than one year and not later than five years	-	-
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:	2015 - 16 ₹ / lacs	2014 - 15 ₹ / lacs
Statutory Audit fee	0.75	6.00
Tax Audit Fee	1.20	1.20
Other Services	0.44	0.98
Out of pocket expenses	0.29	0.23
	2.68	8.41

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	2015 - 16 ₹ / lacs	2014 - 15 ₹ / 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
Advances written off	-	(85.26)
Receivable / (Payable) as at 31.03.16	-	0.00
II. Transactions with key managerial personnel:		
Remuneration		
Dr. P. K. Mohanty	0.24	0.22
Mr.M. Mohanty	12.40	13.38
	12.64	13.60
III. Transactions with Associate Companies/ Entities :		
a) OSIL – TRFI Community Services		
Contribution towards community services	0.00	0.15
b) OSIL – TRFI Community Services Trust		
Contribution towards community services	0.00	0.10
c) Torsteel Research Foundation in India		
Advance received / paid	80.88	(13.04)
Receivable / (Payable) as at 31.03.16	(9.09)	(89.97)
d) Torsteel Services (P) Ltd.		
Advance received / paid	31.27	27.25
Receivable / (Payable) as at 31.03.16	0.00	(31.27)
e) TRFI Investment Pvt. Ltd.		
Advance received / paid	0.00	(18.00)
Reimbursement of legal expenses relating to OSIL share transfer	(62.48)	-
Receivable / (Payable) as at 31.03.16	(63.60)	(1.12)
f) Keonjhar Infrastructure Development Co Ltd		
Advance received / paid	(8.87)	(4.26)
Receivable / (Payable) as at 31.03.16	(6.98)	1.89
g) Bilati (Orissa) Ltd.:		
Advances given during the year	-	-
Advances written off during the year	1927.51	-
Balance Receivable as at 31.03.16	0.00	1927.51
h) Monnet Ispat & Energy Limited		
Advance received / paid	(37.68)	(233.91)
Advances written off during the year	-	-
Balance Receivable as at 31.03.16	(271.59)	(233.91)

Bamra Iron & Steel Limited ceased to be a subsidiary in the current year as its name has been struck off from the Register of Companies as per the order of Registrar of companies, Odisha .

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

38 Previous years figures

Previous 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 A. K. BHARDWAJ & CO

Chartered Accountants

FRN 316085E

A. K. BHARDWAJ

Partner

Membership No.052723

Place : Kolkata

Dated : 13th October, 2016

For and of behalf of the Board

B.K.Sarkar, Director

A.K.Mukherjee, Director

S.K.Kar, Director

Dr.P.K.Mohanty, Vice
Chairman

M. Mohanty

Director & CFO

& Managing Director

Important Communication to Members

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

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

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

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

OR

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

If undelivered. Please return to :

ORISSA SPONGE IRON & STEEL LIMITED

Chatterjee International Centre, 11th Floor

33A, Jawahar Lal Nehru Road

Kolkata – 700 071