



"Park Plaza", 71, Park Street, Kolkata 700 016  
Phone : +91 33 4029 7000, Fax : +91 33 2229 5693  
E-mail : mail@balasorealloys.com  
Website : www.balasorealloys.com  
CIN : L27101OR1984PLC001354

**FORM A****(Pursuant to Clause 31(a) of Listing Agreement)**



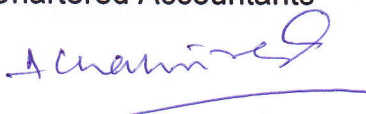


No.	Particulars	Details
1.	Name of the Company	Balasore Alloys Ltd.
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	<p><b>Matter of Emphasis – Paragraph inserted in Auditor's Report of Standalone Financial Statements and also in Consolidated Financial Statements:</b></p> <p>We draw attention to Note 32 to the financial statements regarding demand by North Eastern Electricity Supply Company of Orissa Limited (NESCO) towards revocation of the waiver of dues granted under a settlement in earlier years.</p> <p>North Eastern Electricity Supply Company of Orissa Limited (NESCO) has raised total claim for Rs. 16,699.05 Lacs as at 31<sup>st</sup> March, 2015 (Rs. 15,769.65 Lacs as at 31<sup>st</sup> March, 2014) (including delayed payment surcharge) towards revocation of the waiver of dues granted under a settlement in an earlier year net of Rs. 3,400 Lacs already paid and provided in respective year of payment as a matter of prudence by the Company. The matter of revocation of settlement is pending with Honourable High Court of Orissa. Pending outcome of the court decision and based on discussion with Company's legal counsel, no provision has been made towards above demand.</p> <p>Our Opinion is not qualified in respect of the same.</p>
4.	Frequency of observation	The matter of emphasis is repetitive.



# BALASORE ALLOYS LIMITED



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5.	<b>Signed by:-</b> <ul style="list-style-type: none"><li>• Managing Director</li><li>• Chief Financial Officer</li><li>• Auditor of the Company</li>     <li>• Audit Committee Chairman</li></ul>	<p>Mr. Anil Sureka – </p> <p>Mr. R K Parakh – </p> <p>For Chaturvedi &amp; Shah Firm Registration No. 101720W Chartered Accountants</p> <p> Amit Chaturvedi Partner Membership No. 103141</p> <p></p> <p>Mr. M Trivedi - </p>
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Date: 14<sup>th</sup> August, 2015



# BALASORE ALLOYS LIMITED

## 2014-15

27th Corporate Report



CREATING SUSTAINABLE VALUE FOR ALL STAKE HOLDERS





## AVAILABILITY OF TWENTY FOUR HOURS FREE AMBULANCE SERVICE

Mr Anil Sureka, Managing Director inaugurated the twenty four hours free Ambulance Service Facility in the peripheral areas of Kaliapani Chromite Mines of Sukinda Valley.

## WOMEN EMPOWERMENT

Company organised Mushroom cultivation training programme in the nearby villages of Balasore Plant to make the rural women self dependent.



## PLANTATION IN PERIPHERY OF BALASORE PLANT

The Company distributed around 1,00,000 fruits saplings and plants in various villages nearby Balasore Plant.



# BALASORE ALLOYS LIMITED

CIN: L27101OR1984PLC001354

## BOARD OF DIRECTORS

### CHAIRMAN

Mr Pramod Kumar Mittal

### EXECUTIVE DIRECTORS

Mr Anil Sureka, *Managing Director*

Mr R K Parakh, *Director-Finance*

Mr Ansuman K. Bhanja, *Director-Operations*

### NON-EXECUTIVE DIRECTORS

Mr Mahesh Trivedi

Mr S Mohapatra

Mr S K Pal

Dr A K Bhattacharyya

Prof S K Majumdar

Mr K P Khandelwal

Mrs Vartika Mittal Goenka

### NOMINEE DIRECTOR – SBI

Mr. K C Raut

### PRESIDENT & COMPANY SECRETARY

Mr Trilochan Sharma

### AUDITORS

M/s Chaturvedi & Shah

Chartered Accountants

714-715, Tulsiani Chambers,

212, Nariman Point,

Mumbai - 400 021, India.

Tel.No.+91-22-3021-8500

### INTERNAL AUDITORS

M/s Das & Prasad

Chartered Accountants

Diamond Chambers,

4, Chowringhee Lane,

8th Floor, Room No. 8F, Block - 3rd,

Kolkata - 700 016, India

Tel. No. +91-33-2252-1911 (3 Lines)

### COST AUDITORS

M/s Shome & Banerjee

Cost Accountants

5A, Nurulla Doctor Lane, 2nd Floor,

Kolkata 700 017

Tel.No.+91-33-2287-9722

+91-33-2290-3295

## BANKERS

State Bank of India

State Bank of Hyderabad

Allahabad Bank

## REGISTRARS & TRANSFER AGENT

MCS Share Transfer Agent Limited

Unit : Balasore Alloys Ltd.

12/1/5 Manoharpukur Road

Kolkata - 700 026, India.

Tel No. +91-33-4072 4051/4052/4053

Fax No. +91-33-4072 4050

E-mail: mcssta@rediffmail.com

## REGISTERED OFFICE & WORKS

Balgopalpur - 756 020

Dist. Balasore, Odisha, India

Tel. Nos. +91-6782-275781-85

Fax No. +91-6782-275724

E-mail: mail@balasorealloys.com

investorshelpline@balasorealloys.com

Website : www.balasorealloys.com

## ADMINISTRATIVE OFFICE

Park Plaza, 71, Park Street, 1st Floor,

Kolkata - 700 016

Phone No. + 91-33-4029 7000

Fax No. + 91-33-2229 5693

E-mail: mail@balasorealloys.com

investorshelpline@balasorealloys.com

Website : www.balasorealloys.com

## MINES OFFICE

**Kaliapani Chromite Mine**

At / PO : Kaliapani - 755 047

Dist. : Jajpur, Odisha



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## BALASORE ALLOYS LIMITED

CIN: L27101OR1984PLC001354

Registered Office: Balgopalpur - 756020, Dist. Balasore, Odisha

Website : [www.balasorealloys.com](http://www.balasorealloys.com); Email: [mail@balasorealloys.com](mailto:mail@balasorealloys.com)

Phone: +91-6782-275781-85 Fax: +91-6782-275724

### NOTICE

**NOTICE** is hereby given that the Twenty-Seventh Annual General Meeting of the Members of Balasore Alloys Limited will be held at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Odisha, on **Tuesday, 29th September, 2015, at 9.30 A.M.** to transact the following business:-

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including consolidated Audited Financial Statements) of the Company for the financial year ended March 31, 2015 together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Pramod Kumar Mittal (DIN: 00772690) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to provision of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act 2013, and Rules made thereunder, and pursuant to the resolution passed by the Members in the 26th Annual General Meeting held on 25th September, 2014 and on the recommendations of Audit Committee of the Board of Directors, the appointment of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) as the Statutory Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company be and is hereby ratified at a remuneration which shall be fixed by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

#### SPECIAL BUSINESS:

5. **Appointment of Mr. Ansuman Kumar Bhanja (DIN: 07008300) as Director:**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ansuman Kumar Bhanja (DIN: 07008300), who, pursuant to Section 161 of the Companies Act, 2013 and the Articles of Association of the Company was appointed as an Additional Director with effect from 7th November, 2014 and who holds the office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Ansuman Kumar Bhanja for the office of Director, be and is hereby appointed as a Director of the Company, who is liable to retire by rotation."

6. **Appointment of Mr. Ansuman Kumar Bhanja (DIN: 07008300) as the Whole-time Director of the Company:**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, consent of the Company be and is hereby given for appointment of Mr. Ansuman Kumar Bhanja (DIN: 07008300) as the Whole-time Director of the Company designated as Director-Operations for a period of five years with effect from 7th November, 2014 till 6th November, 2019 and whose period of office shall be liable to determination by retirement of directors by rotation and also on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 7th November, 2014, entered into between the Company and Mr. Ansuman Kumar Bhanja, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."



**NOTICE - (Contd.)**

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. Ansuman Kumar Bhanja from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

**7. Reappointment of Mr. R K Parakh (DIN: 00459699) as the Whole-time Director of the Company:**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, consent of the Company be and is hereby given for re-appointment of Mr. R K Parakh (DIN: 00459699) as the Whole-time Director of the Company designated as Director-Finance & Chief Financial Officer (CFO) for a period of five years with effect from 17th November, 2014 till 16th November, 2019 and whose period of office shall be liable to determination by retirement of directors by rotation and also on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 7th November, 2014, entered into between the Company and Mr. R K Parakh, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. R K Parakh from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

**8. Reappointment of Mr. Anil Sureka (DIN: 00058228) as the Managing Director of the Company:**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, consent of the Company be and is hereby given for re-appointment of Mr. Anil Sureka (DIN: 00058228) as the Managing Director of the Company for a period of five years with effect from 17th April, 2015 till 16th April, 2020 and whose period of office shall be liable to determination by retirement of directors by rotation and also on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 16th April, 2015, entered into between the Company and Mr. Anil Sureka, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. Anil Sureka from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

**9. Issue of Convertible Warrants on preferential basis:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to provisions of Section 42, 62 and other provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum of Association and the Articles of Association of the Company, the listing agreement entered into by the Company with the BSE Limited (BSE) and the Calcutta Stock Exchange Limited (CSE) where the equity shares of the Company are listed and the Regulations for preferential issue, issued by the Securities and Exchange Board of India ("SEBI") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and such other authorities as may be applicable and as amended from time to time and subject to the requisite approvals or consents, if any, of the Central Government, Reserve Bank of India, Stock Exchanges, SEBI, Banks and Financial Institutions and any other appropriate authorities, institutions, bodies under any other applicable laws, statutes, rules and Regulations for the time being in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them while granting such approvals which the Board of Directors be and is hereby authorized to accept, consent of the Company be and is hereby accorded to the Board (with powers to delegate all, or any of the powers hereby conferred to any duly authorized committee thereof, or the Managing Director or Officer authorized by the Board) to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, 80,00,000 (Eighty Lacs) Convertible Warrants of nominal value of Rs. 5/- each at a price not less than the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 to Jaltarang Vanijya Private Limited, a Promoter Group entity / Persons Acting in Concert ("PAC"); each warrant convertible into 1 (ONE) fully paid-up Equity Share so that the total number of Equity Shares issued by the Company upon conversion of Warrants does not exceed 80,00,000 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.





**NOTICE - (Contd.)**

RESOLVED FURTHER that the 'Relevant Date' in relation to issue of Equity Shares in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 28th August, 2015 being the date prior to 30 days before the date of passing this resolution.

RESOLVED FURTHER that the issue of Convertible Warrants, as above, shall be subject to the following terms and conditions:

- (a) The Warrant shall be convertible [at the sole option of the Warrant holder(s)] at any time within a period of 18 months from the date of allotment hereof;
- (b) The Warrant holder shall at the time of allotment of the Warrant, pay an amount equivalent to 25% of the total consideration per Warrant;
- (c) The Warrant holder shall, on the date of allotment of equity shares pursuant to the exercise of option against each such Warrant, pay the balance 75% of the consideration;
- (d) The amount referred to in (b) above shall be non-interest bearing and shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment hereof;
- (e) The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the provisions of the Companies Act, 2013 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for corporate actions such as bonus issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring;
- (f) The lock-in of equity shares acquired by exercise of Warrants shall be applicable for period specified under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 from the date of trading approval.

RESOLVED FURTHER that the Warrants shall be allotted within a period of fifteen (15) days from the date of passing of this special resolution provided that where the allotment of Warrants is pending on account of pendency of any approvals for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER that the Equity Shares issued and allotted on conversion of Warrants shall rank *pari-passu* in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER that the entire pre-issue shareholding of the allottee, if any, shall be under lock-in from the relevant date up to a period of six months from the date of trading approval from the stock exchanges or such other period as may be applicable under the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER that on conversion of the Warrants into Equity Shares, the said Equity Shares shall be listed on the Stock Exchanges where the existing Equity Shares of the Company are listed.

RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and/or agreements as the case may be and also to seek listing of the equity shares issued pursuant to conversion of Warrants with the stock exchanges where the equity shares of the Company are presently listed, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard to any such issue, offer or allotment of Warrants and in complying with any regulations, as it may in its absolute discretion deem fit."

**10. Ratification of remuneration of Cost Auditor of the Company for the financial year 2015-16**

To consider, and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (Including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby given for payment of remuneration of Rs. 1,50,000/- (Rupees one lac fifty thousand only) (net of Service Tax) plus reimbursement of travelling and other out of pocket expenses for conducting the audit of the cost records of the Company for the financial year ending March 31, 2016 as may be applicable on the Company to M/s Shome & Banerjee, Cost Accountants who were appointed as the Cost Auditors of the Company by the Board of Directors at its meeting held on 27th May, 2015.



## BALASORE ALLOYS LIMITED

### NOTICE - (Contd.)

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 11. Adoption of new set of Articles of Association of the Company containing Articles in conformity with the Companies Act, 2013:

To adopt new set of Articles of Association containing Articles in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the Company be and is hereby replaced with the new set of Articles of Association and the said new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in place of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard."

By Order of the Board

Kolkata  
14th August, 2015

**Trilochan Sharma**  
President & Company Secretary

#### **IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 23rd September, 2015 to 29th September, 2015 (both days inclusive) for annual closing and determining the entitlement of the shareholders for the dividend for the financial year 2014-15.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

**A person can act as proxy on behalf of member or members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable.

4. The dividend of Rs. 0.60 per share has been recommended by the Board of Directors for the year ended 31st March, 2015 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and after 3rd October, 2015.
5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.



**NOTICE - (Contd.)**

6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
8. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / RTA for registration of transmission / transposition, deletion of name etc.
10. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
11. Electronic copy of the Notice of the 27th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Notice of the 27th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website [www.balasorealloys.com](http://www.balasorealloys.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's administrative office in Kolkata for inspection during normal business hours (1.00 P.M. to 5 P.M.) on all working days except Saturdays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same. For any communication, the shareholders may also send requests to the Company's investor email id: [investorshelpline@balasorealloys.com](mailto:investorshelpline@balasorealloys.com)
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the administrative office of the Company in Kolkata during normal business hours (1.00 P.M. to 5.00 P.M.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
14. As an austerity measure, copies of the Annual Report will not be distributed at the Meeting; members are requested to bring their copies to the meeting.
15. Members are requested to intimate to the Company, queries, if any, regarding the audited accounts at least ten days before the Meeting to enable the Management to keep the information ready at the Meeting.
16. Members / Proxies are requested to bring their Attendance Slip sent herewith, duly filled in, for attending the Meeting.
17. 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 is pleased to inform that all the resolutions as stated in the notice can be transacted by electronic voting system and the company has provided to the members, facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means through E-Voting Services provided by Central Depository Services (India) Ltd. The instruction for E-Voting has been enclosed and sent alongwith the notice.



## BALASORE ALLOYS LIMITED

### NOTICE - (Contd.)

#### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

##### Item Nos. 5 & 6

The Board of Directors of the Company, at its meeting held on 7th November, 2014, appointed Mr. Ansuman Kumar Bhanja as an Additional Director designated as Director-Operations of the Company with effect from that date. In terms of Section 161 of the Companies Act, 2013 (the 'Act') read with Article 141 of the Articles of Association of the Company, Mr. Ansuman Kumar Bhanja will hold office of Additional Director upto the date of this Annual General Meeting. The Company has received a notice in writing along with the requisite deposit from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Ansuman Kumar Bhanja for appointment as a Director of the Company.

The Board of Directors in its above meeting also appointed Mr. Ansuman Kumar Bhanja, as the Whole-time Director of the Company designated as Director-Operations for a period of five years with effect from 7th November, 2014 subject to approval of the shareholders by way of a **Special Resolution** in the ensuing Annual General Meeting of the Company.

The Nomination & Remuneration Committee has approved terms of appointment and remuneration of Director-Operations in its meeting held on 7th November, 2014. For the purpose, an agreement has been entered into by the Company with the Director-Operations on 7th November, 2014. The main terms and conditions of appointment of Director-Operations, as contained in the said agreement dated 7th November, 2014 are furnished below:

The said agreement, inter alia, contains the following terms and conditions:

- (i) Salary Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month. The annual increment shall be effective from 1st April each year and shall be decided by the Board on the basis of his performance.
- (ii) In addition to the salary, Mr. Ansuman Kumar Bhanja shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowances in lieu thereof; House Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement; club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Ansuman Kumar Bhanja; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- (iii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the IncomeTax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (iv) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (v) The Whole-time Director shall be entitled to leave according to the Rules of the Company in this regard.
- (vi) The Whole-time Director shall not be paid any Sitting Fees for attending the meetings of the Board or any Committee thereof.

The Board recommends the resolutions at Item No. 5 & 6 for your approval in the interest of the Company.

None of the Directors or Key Managerial Personnel of the company and/or their relatives, except Mr. Ansuman Kumar Bhanja and his relatives, are concerned or interested, financial or otherwise in the resolution set out at item no. 5 and 6.

Copy of the agreement dated 7th November, 2014 referred to the above is available for inspection at the administrative office of the Company between 11.00 am and 1.00 pm on all working days except Saturdays.

##### Item Nos. 7

The Board of Directors of the Company, at its meeting held on 17th November, 2011, appointed Mr. R K Parakh as Whole-time Director designated as Director-Finance of the Company for a period of three years with effect from 17th November, 2011 till 16th November, 2014. Subsequently, he was also appointed as Chief Financial Officer (CFO) of the Company.



**NOTICE - (Contd.)**

The Board in its meeting held on 7th November, 2014 considering the significant contribution of Mr. Parakh in the growth of the Company, approved his re-appointment as Whole-time Director of the Company designated as Director - Finance & Chief Financial Officer (CFO) for a further period of 5 years i.e. with effect from 17th November, 2014 till 16th November, 2019 subject to approval of the shareholders by way of a **Special Resolution** in the ensuing Annual General Meeting of the Company.

The Nomination & Remuneration Committee has approved terms of appointment and remuneration of Director-Finance in its meeting held on 7th November, 2014. For the purpose, an agreement has been entered into by the Company with the Director-Finance on 7th November, 2014. The main terms and conditions of appointment of Director-Finance, as contained in the said agreement dated 7th November, 2014 are furnished below:

The said agreement, inter alia, contains the following terms and conditions:

- i. Salary Rs. 2,50,000/- (Rupees Two Lakh Fifty Thousand only) per month. The annual increment shall be effective from 1st April each year and shall be decided by the Board on the basis of his performance.
- ii. In addition to the salary, Mr R K Parakh shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowances in lieu thereof; House Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement; club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr R K Parakh; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- iii. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the IncomeTax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- v. The Whole-time Director shall be entitled to leave according to the Rules of the Company in this regard.
- vi. The Whole-time Director shall not be paid any Sitting Fees for attending the meetings of the Board or any Committee thereof.

The Board recommends the resolutions at Item No. 7 for your approval in the interest of the Company.

None of the Directors or Key Managerial Personnel of the company and/or their relatives, except Mr. R K Parakh and his relatives, are concerned or interested, financial or otherwise in the resolution set out at item no. 7.

Copy of the agreement dated 7th November, 2014 referred to the above is available for inspection at the administrative office of the Company between 11.00 am and 1.00 pm on all working days except Saturdays.

**Item Nos. 8**

Mr. Anil Sureka was appointed as Managing Director and Chief Executive Officer (CEO) of the Company for a period of three years w.e.f. 17th April, 2012 on the terms and condition as set out in the agreement dated 17.04.2012 entered between the Company and Mr. Anil Sureka.

The Board in its meeting held on 16th April, 2015 considering the significant contribution made by Mr. Anil Sureka in the growth of the Company, approved the re-appointment of Mr. Sureka as the Company's Managing Director & CEO for a further period of 5 years i.e. with effect from 17th April, 2015 till 16th April, 2020 subject to approval of the shareholders by way of a **Special Resolution** in the ensuing Annual General Meeting of the Company.

The Nomination & Remuneration Committee has approved terms of appointment and remuneration of Managing Director in its meeting held on 16th April, 2015. For the purpose, an agreement has been entered into by the Company with the Managing Director on 16th April, 2015. The main terms and conditions of appointment of Managing Director, as contained in the said agreement dated 16th April, 2015 are furnished below:

The said agreement, inter alia, contains the following terms and conditions:

- i. Salary Rs. 5,40,000/- (Rupees Five Lakhs Forty Thousand only) per month. The annual increment shall be effective from 1st April each year and shall be decided by the Board on the basis of his performance.



## BALASORE ALLOYS LIMITED

### NOTICE - (Contd.)

- ii. In addition to the salary, Mr Anil Sureka shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowances in lieu thereof; House Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement; club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr Anil Sureka; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- iii. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the IncomeTax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- v. The Whole-time Director shall be entitled to leave according to the Rules of the Company in this regard.
- vi. The Whole-time Director shall not be paid any Sitting Fees for attending the meetings of the Board or any Committee thereof.

The Board recommends the resolutions at Item No. 8 for your approval in the interest of the Company.

None of the Directors or Key Managerial Personnel of the company and/or their relatives, except Mr. Anil sureka and his relatives, are concerned or interested, financial or otherwise in the resolution set out at item no. 8.

Copy of the agreement dated 16th April, 2015 referred to the above is available for inspection at the administrative office of the Company between 11.00 am and 1.00 pm on all working days except Saturdays.

### Item No. 9

Your Company is undertaking growth and modernization projects. The Company has recently engaged SBI Capital Markets Limited for conducting financial, debt and equity tie-up for the Company's expansion and modernization projects. To part finance the said growth and modernization projects, it is proposed to issue 80,00,000 Convertible Warrants on preferential basis in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

The proposed preferential allotment of Convertible Warrants would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the ICDR Regulations 2009. Such proposed preferential issue would comprise of up to 80,00,000 Convertible Warrants of face value of Rs. 5/- each. The Company has received inclination from Jaltarang Vanijya Private Limited, a Promoter Group entity / Persons Acting in Concert ("PAC") to subscribe to 80,00,000 Convertible Warrants:

Hereinafter the aforesaid person shall be called as "proposed allottee"

**Information as required under Regulation 73 of the SEBI (ICDR) Regulations, 2009 is as under:**

**a) Objects of the Issue:**

To part finance the growth and modernization projects of the Company.

**b) Intention of Promoters / Directors / Key Management Personnel to subscribe to the Preferential Offer:**

The Promoter Group entity / PAC intends to subscribe to the above mentioned preferential allotment of 80,00,000 Convertible Warrants which would entitle the entity upon conversion to 80,00,000 Equity Shares.


**NOTICE - (Contd.)**
**c) Shareholding Pattern before and after the conversion of Warrants:**

Category of Shareholder	Pre Issue (As on 14.08.2015)		Post Issue	
	Total No. of Shares	Total Shareholding as a % of total No. of Shares	Total No. of Shares	Total Shareholding as a % of total No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>				
<b>(1) Indian</b>				
Individuals / Hindu Undivided Family	538320	0.76	538320	0.68
Bodies Corporate				
(a) Proposed Allottee of Warrants				
• Jaltarang Vaniya Private Limited	—	—	8000000	10.14
(b) Others	33604076	47.40	33604076	42.60
<b>Sub Total</b>	<b>34142396</b>	<b>48.16</b>	<b>42142396</b>	<b>53.42</b>
<b>(2) Foreign</b>	<b>2393420</b>	<b>3.38</b>	<b>2393420</b>	<b>3.03</b>
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>36535816</b>	<b>51.54</b>	<b>44535816</b>	<b>56.45</b>
<b>(B) Public Shareholding</b>				
<b>(1) Institutions</b>				
Mutual Funds / UTI	13600	0.02	13600	0.02
Financial Institutions / Banks	596073	0.84	596073	0.76
Foreign Institutional Investors	1697013	2.40	1697013	2.15
<b>Sub Total</b>	<b>2306686</b>	<b>3.26</b>	<b>2306686</b>	<b>2.93</b>
<b>(2) Non-Institutions</b>				
Bodies Corporate	6901832	9.73	6901832	8.75
<b>Individuals</b>				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	17201489	24.26	17201489	21.80
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	6819478	9.62	6819478	8.64
<b>Any Others (Specify)</b>				
Non Resident Indians	797776	1.13	797776	1.01
Clearing Members	-	-	-	-
Trusts	984	0.00	984	0.00
Foreign Companies	326350	0.46	326350	0.42
<b>Sub Total</b>	<b>32047909</b>	<b>45.20</b>	<b>32047909</b>	<b>40.63</b>
<b>Total Public shareholding (B)</b>	<b>34354595</b>	<b>48.46</b>	<b>34354595</b>	<b>43.55</b>
<b>Total (A)+(B)</b>	<b>70890411</b>	<b>100</b>	<b>78890411</b>	<b>100</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (A)+(B)+(C)</b>	<b>70890411</b>	<b>100</b>	<b>78890411</b>	<b>100</b>

**d) Proposed time within which allotment shall be completed:**

The Allotment of Convertible Warrants is proposed to be completed within a period of 15 days from 29th September, 2015 being the date of Annual General Meeting, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the Company receives all approvals from the concerned authorities.



## BALASORE ALLOYS LIMITED

### NOTICE - (Contd.)

#### e) Identity and details of the proposed allottee :-

Name of the proposed allottee	Category	Address	Name(s) of the natural persons in control of the Proposed Allottee	Pre-Issue Holding	% of Pre-Issue Holding	No. of Shares (Proposed for Allotment)	Post Issue Holding	% Post Issue Holding
Jaltarang Vanijya Private Limited	Promoter Group / PAC	"Trimurti Apartment" Ground Floor, 97, Park Street, Kolkata - 700 016	Mr. Sanjay Kumar Kanoria	Nil	Nil	80,00,000	80,00,000	10.14

#### f) Pricing of the Issue:

The pricing of the Convertible Warrants to be allotted on preferential basis to the proposed allottee shall not be lower than the price determined in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

Currently SEBI ICDR Regulations, 2009 provide that the issue of shares on preferential basis can be made at a price not less than higher of the following:

- The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; Or
- The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Convertible Warrants shall be 28th August, 2015, being the date which is 30 days prior to the date of Annual General Meeting i.e. 29th September, 2015 (Where the relevant date falls on a Weekend / Holiday, the day preceding the Weekend / Holiday is reckoned to be the relevant date).

#### g) Change in Control or composition of the Board:

The allotment would not result in any change in control over the Company or the management of the affairs of the Company and the existing Promoters/Directors of the Company will continue to be in control of the Company.

#### h) Auditors' Certificate:

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the company have certified that the proposed preferential issue of Convertible Warrants is being made in accordance with the requirements contained in SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 for Preferential Issue. A copy of the said certificate is available for inspection by the shareholders at the administrative Office of the Company on all working days except Saturdays between 3 p.m. and 5 p.m. prior to the date of the Annual General Meeting and will also be available for inspection at the Meeting.

#### i) Lock-in of period:

The equity shares to be allotted pursuant to exercise of options attached to warrants proposed to be issued to above proposed allottee shall be locked in from the date of trading approval for such period as is prescribed in Regulation 78 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Further, under the said Regulations the entire pre-allotment shareholding (if any) of the proposed allottee, is required to be locked-in from the relevant date upto a period of six months from the date of trading approval.

#### j) Undertaking:

The Company hereby undertakes that:

- It shall re-compute the price of the specified securities in term of the provisions of these regulations where it is required to do so.
- If the amount payable on account of the re-computation of the price is not paid within the time stipulated in the regulations, the specified securities shall be continue to be locked-in till the time such amount is paid by the proposed allottee.

As per Section 62(1)(c) of the Companies Act, 2013 and the provisions of the SEBI (ICDR) Regulations and the listing agreements entered into by the Company with the stock exchanges, where the Company's equity shares are listed, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution. Hence consent of the shareholders by way of special resolution is being sought for the issue of such warrants on preferential basis.





## **NOTICE - (Contd.)**

The Board recommends the resolution for approval of the members by Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives, except Mr. Pramod Kumar Mittal and Mrs. Vartika Mittal Goenka is concerned or interested, financial or otherwise in the resolution set out at item no. 9.

### **Item No.10.**

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s Shome & Banerjee, Cost Accountants as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at a remuneration of Rs. 1,50,000/- (Rupees One lac fifty thousand only) (net of Service Tax) plus reimbursement of travelling and other out of pocket expenses incurred to conduct the audit of the cost records.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

The Board therefore, submits the proposed resolution for your consideration and recommends it to be passed as an ordinary resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

### **Item No.11.**

The existing Articles of Association ("AoA") are based on the Companies Act, 1956. Several regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles are no longer in conformity with provisions of the Companies Act, 2013. With substantive sections of the Act which deals with the general working of the Companies being notified, several regulations in the existing AoA of the Company require alteration and/or deletion.

Given this position it is considered necessary to wholly replace the existing AoA by a new set of Articles. The new set of AoA to be replaced in place of the existing AoA is based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a company limited by shares and also carries forward certain provisions from the existing AoA suitably rephrased and which are not in conflict with the provisions of the Companies Act, 2013.

The proposed new draft of AoA is available for inspection to the shareholders at the Company's administrative Office in Kolkata for inspection during normal business hours (1.00 P.M. to 5 P.M.) on all working days except Saturdays till the date of the meeting.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business.

The Board recommends this Resolution for your Approval.

A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the administrative office of the Company between 11.00 am and 1.00 pm on all working days except Saturdays.

By Order of the Board

Kolkata  
14th August, 2015

**Trilochan Sharma**  
*President & Company Secretary*

## ANNEXURE TO NOTICE

### DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 27TH ANNUAL GENERAL MEETING. (Pursuant to Clause 49 of the Listing Agreement)


**BALASORE ALLOYS LIMITED**

#### NOTICE - (Contd.)

Name of Director	Mr. Pramod Kumar Mittal	Mr. Anil Sureka	Mr. R K Parakh	Mr. Ansuman Kumar Bhanja
Date of Birth	08.06.1956	19.11.1955	28.12.1967	08.03.1958
Date of Appointment	31.03.1995	17.11.2011	17.11.2011	07.11.2014
Qualifications	B.Com, DBM	Associate Company Secretary	B.COM from Lucknow University and Chartered Accountant from ICAI.	B. Tech (Hons.) in the Engineering discipline of Metallurgy from IIT Khargapur and MDP from IIM, Ahmedabad.
Expertise in specific functional areas	Industrialist-Strategic planning, managing and implementation of projects and overseeing business operations.	Mr. Anil Sureka had been a guiding force for the Company by handling various assignments with distinction. He has over 38 years of corporate experience in reputed organizations. His array of exposure percolates to areas like Finance, Project Planning & Execution, Costing & Cost Control, Commercial matters including contract, Secretarial & legal aspects, Supply Chain Management, Marketing, Modern Management Initiatives, Human Resource and Administration etc.	Mr. R K Parakh is having more than 23 years of experience in Accounting & Audit Function, Finance, Treasury, Management & Cost Accounting, MIS, Legal, Statutory & Regulatory Compliances, SAP, Head of Pricing Committee, Export & Import Functions etc. During his career he had held key positions in various reputed organisation including Gontermann-Peipers India Limited, Kalpara Group of Industries etc.	Mr. Ansuman Kumar Bhanja is having over 33 years of rich and vast experience in Techno Commercial and General Management functions. Mr. Bhanja's array of exposure percolates to area like Project Execution, Operation, Commercial matters including Management of Quality System and Modern Management Initiatives etc.
List of Companies in which outside Directorship held	<b>Director</b> Gontermann-Peipers (India) Limited Chaitisgarh Energy Limited Global Steel Holdings Limited Global Steel Philippines (SPV AMC) Inc. Global Infrastructure Nigeria Limited Delta Steel Company Plc. Drum International Inc. GSHL-Brazil Mineracao S.A. Global Technical & Management Services Ltd. Global Oil Resources (Georgia) Limited Global Resources Europe Limited Global Minerals & Metals Ltd.	<b>Director</b> Gontermann-Peipers (India) Limited Ispat Corp Pvt. Ltd. The Indian Ferro Alloy Producers Association Namu Financial and Management Services Pvt. Ltd.	<b>Director</b> Patron Consultants Pvt. Ltd. Padamshree Capital Markets Pvt. Ltd. Sparck Industries India Pvt. Ltd.	<b>Director</b> Nil
Chairman/Member of the committees of the Board of other Companies in which he is a Director	Nil	Nil	Nil	Nil
Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any, in the Company.	5710 shares held in his name	Nil	Nil	Nil
Disclosure in terms of Clause 49(VIII)(E)(2) of the Listing Agreement: Disclosure of relationships between directors inter-se	Mr. Pramod Kumar Mittal is the father of Mrs. Varika Mittal Goenka, Director of the Company.	Nil	Nil	Nil

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 27th Annual Report and the Company's audited accounts for the financial year ended 31st March, 2015.

**FINANCIAL PERFORMANCE**

The Company's financial performance, for the year ended 31st March, 2015 is summarized below:

(Rs. in Lacs)

Particulars	Financial Year Ended			
	Standalone		Consolidated	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Total Income	88,166.37	79,128.71	88,167.54	79,128.89
Profit/( Loss) Before Interest, Depreciation & Tax (EBIDTA)	14,194.00	13,134.62	14,187.43	13,124.35
Finance Charges	3,415.95	3,845.60	3,416.42	3,845.61
Depreciation	2,106.38	1,884.54	2,106.38	1,884.54
Exceptional Items	4,367.31	—	4,367.31	—
Provision for Income Tax ( Including for earlier years)	1,380.27	2,804.19	1,380.27	2,804.19
Share of Loss of Associate Company	—	—	0.13	0.15
Net Profit After Tax	2,924.09	4,600.29	2,917.05	4,590.01
Profit brought forward from Previous Years	22,506.20	18,472.22	22,473.08	18,449.53
Profit Carried to Balance Sheet	23,873.02	22,506.20	23,832.71	22,473.08

Your Company's performance reflects the strong improvement in the India's business sentiment fuelled by the progressive policies of the new Government.

Your Company's total income grew by 11.42% from Rs 79,128.71 Lacs in 2013-14 to Rs 88,166.37 Lacs in 2014-15.

EBIDTA increased by 8.07% from Rs 131.35 crore in 2013-14 to Rs 141.94 crore in 2014-15. But, the Profit for the Year declined by 36.44% from Rs 4600.29 Lacs in 2013-14 to Rs 2924.09 lacs in 2014-15 due to an exceptional charge of Rs.4367.31 Lacs on account of Recompense amount payable to Lenders, to the Statement of Profit and Loss. Consequently, the earnings per share stood at Rs 4.14 (basic) and Rs 4.14 (diluted) for 2014-15 against Rs 7.16 (basic) and Rs 6.61 (diluted) for 2013-14.

**DIVIDEND**

Your Board needed to strike a prudent balance between rewarding shareholders and reinvesting business surplus in the business for capitalising on emerging growth opportunities. Your Board has strategically laid more emphasis on the later considering the promising opportunities over the medium-term catalyzed by Government policies.

The Board of Directors recommended a 12% dividend on equity shares (Re. 0.60 per equity share, face value of Rs. 5/- each) subject to the approval of Shareholders at the ensuing Annual General Meeting.

**TRANSFER TO RESERVES**

The Company proposes to transfer an amount of Rs. 73.10 Lacs to the General Reserves.

**SHARE CAPITAL**

The paid up Equity Share Capital as on 31st March, 2015 was Rs. 3,544.52 Lacs. The Committee for Preferential Issue of Warrants has allotted 33,00,000 (Thirty Three Lacs) Equity Shares each to Dankuni Investments Ltd. and Navoday Consultants Ltd., being Promoter Group companies on preferential basis at Rs. 5/- each at a premium of Rs. 11/- each on 16th April, 2014 pursuant to conversion of equivalent number of Warrants.



## DIRECTORS' REPORT (Contd.)

### OPERATIONS

Fiscal 2014-15 was an important milestone in your Company's journey as we registered our highest ferro-alloy production at 1,11,475 MT against 1,04,550 MT in 2013-14, an increase of 6.62%.

Besides, the untiring efforts of the team in successfully implementing various projects (using the TPM, Six Sigma, Lean and BAL Q1 techniques) which also contributed immensely in optimizing operational costs and improving productivity.

The Mines performance has been improved in meeting the additional requirements of the plant for producing the higher quantity of ferro-chrome compare to last year.

In keeping with its commitment in saving the environment, your Company undertook a number of green initiatives as:

- In-plant initiatives to reduce energy and fuel consumption.
- Sale of 205702 MT of slag which facilitated in conserving granite stone otherwise used in construction activities.

### EXPORT

Your Company exported 79,897 MT valued at Rs. 62,537.80 Lacs in 2014-15 against 70,675 MT valued at Rs. 54,281.58 Lacs during 2013-14. Exports constituted 73.76% of your Company's turnover in 2014-15.

### MANAGEMENT INITIATIVES

During the year, your Company institutionalized all four verticals of the Business Excellence function namely TPM, Lean Management, Six Sigma and BAL Q1 Quality Management System. Extensive in-class and shop-floor training was imparted to the entire team on their organisational relevance and on their implementation.

The team's efforts in implementing these global techniques yielded heartening results. Product quality variations reduced considerably, wastages were marginalized and equipment health improved significantly leading to improved product quality and man-machine productivity. Your Company also bagged regional awards in Quality Circle competitions.

The Company is also implementing the globally-prevalent business excellence initiative based on Malcolm Baldrige Quality Framework.

In addition, your Company successfully implemented 11 modules of SAP. This is facilitating accurate and real-time data capture from across the organization facilitating faster and more informed decision-making. Your management plans to extend this platform to address Business Integration and Optimization.

### FUTURE OUTLOOK

**Stainless Steel sector:** The stainless steel market has been dominated by China, accounting almost for half of the global market. China is the largest and fastest growing producer and consumer of stainless steel and seems to retain its leading position.

India, Taiwan, Iran, Japan, Mexico and South Korea are the other countries exhibiting strong growth in terms of stainless steel production and consumption. Global stainless steel demand over the next decade will mainly depend on these emerging economies. It is estimated that global stainless steel production will grow with an average growth rate of 5.7% in 2015 and 2016 to 44.7 million tons and 47.1 million tons, respectively. China's stainless steel production is forecasted to reach 23.5 million tons in 2015 and top the 25 million tons level in 2016.

The European Union (EU) stainless steel market is yet to be revived in 2015. However, it is expected to get stronger by 2016 due to the recent anti-dumping decision of the European Commission and consequential improving demand conditions.

**Ferro chrome sector:** The Global High Carbon (HC) FeCr demand illustrated robust growth of 9.5% YoY in 2014 and is expected to grow at 5% in next 5 years. The overall HC FeCr consumption expectation is 11.8 million tons for 2015 and 12.5 million tons for the year 2016. The distinguishing factor of 2015 and 2016 will be the increasing imports of HC FeCr into China & emerging markets. In 2015, overall ex-China HC FeCr production is predicted to be 7.2 million tons, an increase of 5.2% Yearly growth.

### BUSINESS STRATEGY

Going forward, your Company plans to implement a volume-drive and value-led growth strategy.

**Volume-driven growth:** Your Company is analyzing ways of increasing the operating capacity to 1,45,000 MT through capacity balancing, process optimization and marginal capital investment.





## **DIRECTORS' REPORT (Contd.)**

Your Company has signed Business Transfer Agreement for acquisition of business of Sukinda Plant of Jabamayee Ferro Alloys Limited and signed Business Transfer Agreement for acquisition of business of Jajpur unit of Rohit Ferro Tech Ltd. on a slump sale basis.

**Value-led growth:** The team is working on increasing the production of value-added products namely low and medium-silicon, low-phosphorous, medium-carbon and high-chromium, amongst others, to maximise value-addition. In addition, your Company is focused on maximizing its net realization through proper market segmentation in the domestic and international markets by selling directly to the end user.

Besides, the Company has planned to expand its market segmentation catering to special steel manufacture sector with value added products. This will expand the Company's global footprint, particularly in Europe, USA, South America and Japan.

**Sustainability:** Your Company owns natural resource assets of captive Chromite Ore Mines located at Kaliapani of Sukinda Valley, Jajpur, Odisha.

The available reserves for open cast mining in the Kaliapani Chromite Mines in Sukinda is expected to continue for next six to seven years. For sustained business operations, the management is developing underground mining in same Kaliapani Chromite Mines of Sukinda. A reputed international mining consultant "SRK Consulting" has been appointed for undertaking a detailed analysis for the proposed Underground Mining Project while a reputed International Design Institute "China Coal Mine No.3 Construction Group Corporation Ltd ("CCMC")" has been also engaged for preparation of Detailed Design and Engineering for this proposed Underground Mining Project. Your company expects to commence construction activities for the proposed Underground Mining in a year time. These projects are expected to strengthen productivity and organizational sustainability over the long-term.

### **STATE OF COMPANY AFFAIRS**

Despite the economy gaining momentum in 2014-15, the ferro alloy industry scenario in India as well as globally continued to remain subdued during the year under review.

In India, despite favourable policies having been announced by the Central Government, infrastructure development remained subdued. This resulted in the slowdown of the iron and steel sector which impacted offtake of ferro alloys.

Against the prevailing adversities, the Company grew its business and remained profitable. Your Company's grew its topline by 8.31% from Rs. 81,191.91 Lacs in 2013-14 to Rs. 87,938.46 Lacs in 2014-15. It achieved an EBIDTA of Rs. 14,194.00 Lacs, Profit after tax of Rs. 2,924.09 Lacs after an exceptional item of Rs. 4367.31 Lacs. The Basic earnings per share is Rs. 4.14 per share for the year 2014-15.

The contrarian performance was largely due to the efforts of its entire team in optimizing costs and identifying and capitalizing upon growth pockets across the globe.

As investment-inducing policies transform into on ground realities and global investment take roots in India's manufacturing sector, steel demand and consequently ferro alloy demand is expected to strengthen moving forward. The reduction in the price of crude oil and interest rates is expected to improve business profitability.

### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

During the year, there was no change in the nature of business of the Company.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### **SUBSIDIARIES & ASSOCIATES**

#### **SUBSIDIARIES**

##### **MILTON HOLDINGS LIMITED (MHL)**

Milton Holdings Limited (MHL), Mauritius, a wholly-owned subsidiary, had invested through joint venture in Manganese-ore mining projects in Brazil. As at the date of Balance Sheet, the Company has an investment in shares of MHL, aggregating, in value, to USD 4.7351 million (Equivalent to Rs 2194.83 Lacs).



## **BALASORE ALLOYS LIMITED**

### **DIRECTORS' REPORT (Contd.)**

#### **BALASORE METALS PTE. LIMITED**

Balasore Metals Pte. Limited, Singapore, is a wholly-owned subsidiary of the Company. As at the date of Balance Sheet, the Company has an investment in share of Balasore Metals PTE. Limited aggregating, in value, to USD \$ 1.00.

#### **ASSOCIATES**

Balasore Energy Limited, is an associate of the Company. As at the date of Balance Sheet, the Company has an investment in 17000 share of Balasore Energy Limited aggregating, in value, to Rs. 1,70,000.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statement of the Company and all its subsidiary and associate companies, which is forming part of the Annual Report.

The statement in Form AOC-1 containing the salient features of the financial statement of the Company's subsidiaries, joint ventures and associates pursuant to first-proviso to sub-section (3) of section 129 of the Companies Act 2013 forms part of this Report as **Annexure - 1**.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.balasorealloys.com](http://www.balasorealloys.com).

Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

The audited financial statements and audit reports of each of the subsidiaries are available for inspection at the registered as well as administrative office of the Company and that of the subsidiaries during office hours between 11.00 A.M. to 1.00 P.M.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any loan, guarantees or made any investments exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, as prescribed in Section 186 of the Companies Act, 2013.

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note no. 12 and 13 of the Financial Statements of the Company for the year ended 31.03.2015.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Particulars of every contract or arrangements entered into by the Company with Related Parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 prescribed under the Companies (Accounts) Rules, 2014 is appended as **Annexure - 2** hereto and forms part of this Report.

There are no materially significant related party transactions 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.

All Related Party Transactions are placed before the Audit Committee for approval. The Audit Committee reviews all related party transactions quarterly. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

#### **PUBLIC DEPOSITS**

The Company has not invited or accepted deposits from the public covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

#### **AUDITORS & AUDITORS' REPORT**

M/s Chaturvedi & Shah, Chartered Accountants, (Firm Registration No. 101720W), Statutory Auditors of the Company have been appointed by the members at the last Annual General Meeting and shall hold office for a period of 4 years from 1st April, 2014.

M/s Chaturvedi & Shah have given their consent to act as Auditors, if appointed. The Company has received a letter from them to the effect that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 and that their appointment, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013.



## **DIRECTORS' REPORT (Contd.)**

Members are requested to ratify their appointment as the Statutory Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2016.

A resolution proposing appointment of M/s Chaturvedi & Shah as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013, forms a part of the Notice convening the Annual General Meeting.

The Auditors' Report to the shareholders for the year under review does not contain any qualifications or adverse remarks. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

### **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (cost record and audit) Rules 2014 and based on the Audit Committee recommendations, the Board of Directors at its meeting held on May 27, 2015, has approved the re-appointment of M/s. Shome & Banerjee as the Cost Auditors of the Company for the Financial Year 2015-16 to conduct audit of the Cost Records, maintained by the company in respect of its ferro chrome / charge chrome manufacturing plant at Balgopalpur - 756 020 Dist. Balasore, Odisha.

The Cost Audit Report for the Financial Year ended March 31, 2014 was filed within the due date by the Cost Auditor of the Company. The Report of the Cost Auditors for the Financial Year ended March 31, 2015 is under finalization and will be filed with the MCA within the prescribed period.

### **INTERNAL AUDITORS**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of 'The Companies (Accounts) Rules 2014' and based on the Audit Committee recommendations, the Board of Directors of the Company at its meeting held on May 27, 2015, has approved the appointment of M/s Das & Prasad, as the Internal Auditor of the Company for the financial year 2015-16 to conduct the internal audit of the Company.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors at its meeting held on May 27, 2015, has approved the appointment of M/s MKB & Associates as the Secretarial Auditor of the Company for the financial year 2015-16 to conduct the secretarial audit of the Company.

Further, the Secretarial Audit Report covering the financial year ended on 31st March, 2015 in Form No. MR - 3, given by the company secretary in practice is annexed herewith as **Annexure - 3**. The Report does not contain any qualification or adverse remarks.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

### **I. INDEPENDENT DIRECTORS:**

#### **(a) APPOINTMENT OF INDEPENDENT DIRECTORS:**

At the Annual General Meeting of the Company held on 25th September, 2014, the Members of the Company appointed Mr. Mahesh Trivedi (DIN: 00050785), Mr. Shantanu Mohapatra (DIN: 00176836), Mr. Sujit Kumar Majumdar (DIN: 00177344), Mr. Susil Kumar Pal (DIN: 00268527), Mr. Kashi Prasad Khandelwal (DIN: 00748523) and Mr. Asish Kumar Bhattacharyya (DIN: 00799039), as independent Directors under the Companies Act, 2013 for a term up to 31st March, 2019.

#### **(b) STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149 OF THE COMPANIES ACT, 2013.**

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

#### **(c) FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS**

The Independent Directors are familiarised with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. On appointment, the Independent

**DIRECTORS' REPORT (Contd.)**

Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Directors about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Committee Members, Business and Functional Heads, visit to the manufacturing site, etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

**II. NON-INDEPENDENT DIRECTORS****(a) WOMAN DIRECTOR**

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Company is required to have atleast one Woman Director on its Board. The Company complies with the aforesaid requirement as Mrs. Vartika Mittal Goenka (DIN: 02451225), has been a Director of the Company since 26th May, 2011.

**(b) APPOINTMENT OF DIRECTORS**

The Board of Directors of the Company had appointed Mr Ansuman K. Bhanja (DIN: 07008300), as Whole-time Director of the Company designated as Director - Operations and Mr. K C Raut (DIN: 03592433) as Nominee Director of the Company w.e.f., 7th November, 2014.

**(c) RETIREMENT BY ROTATION:**

As per the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. Pramod Kumar Mittal (DIN: 00772690) retires by rotation, and being eligible, offers himself for re-appointment. In view of his considerable experience and contribution to the Company, your Directors recommend his re-appointment.

**III. KEY MANAGERIAL PERSONNEL**

The Board of Directors at its meeting held on 20th May, 2014, pursuant to Section 203(2) of the Companies Act, 2013 noted and ratified the appointments, terms and conditions of appointments including remuneration of Mr. Anil Sureka (DIN: 00058228), Managing Director, Mr. R K Parakh (DIN: 00459699), Director-Finance & Chief Financial Officer and Mr. Trilochan Sharma, President & Company Secretary of the Company. The Board of Directors of the Company had also appointed Mr Ansuman K. Bhanja (DIN: 07008300), as Whole-time Director of the Company designated as Director - Operations w.e.f., 7th November, 2014.

**MEETINGS****MEETINGS OF BOARD OF DIRECTORS**

During the financial year ended 31st March, 2015, four Board Meetings were held, 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.

**MEETINGS OF INDEPENDENT DIRECTORS**

According to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, a separate meeting of the Independent Directors was held on 26th March, 2015. In the meeting, the Directors reviewed the performance of Board and its Committee as a whole, Chairman of the Board, Directors, Non-Executive Directors and further assessed the quality, quantity and the timeliness of flow of information between the Management and the Board.

**PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are attached as **Annexure - 4**.

The particulars of employees as required by Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of the employees employed throughout the financial year and drawing Rs. 60 Lacs or more are given in **Annexure - 5** hereto and forms part of this Report.

There was no employee who was employed for part of the financial year, requiring such disclosure. There was also no employee receiving remuneration during the year is in excess of that drawn by the Managing Director or Whole-time Director and holding by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.





## **DIRECTORS' REPORT (Contd.)**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors hereby confirm that:-

- (i) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards, have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors had taken proper and sufficient care 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;
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis; and
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (vi) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out in Clause 49 of the Listing Agreement. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The certificate from M/s. Chaturvedi & Shah, Chartered Accountants confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance. This Certificate will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

### **CEO/CFO CERTIFICATION**

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Anil Sureka, Managing Director of the Company and Mr. R K Parakh, CFO of the Company have certified inter-alia, about review of financial statements and establishing & maintaining internal control to the financial reporting for the year ended 31st March, 2015. The said certificate forms an integral part of annual report.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Code of conduct and Business ethics of the Company ("The Code") guides the conduct of affairs of your Company. The Code and Standard Operating Procedures (SOPs) stand widely communicated across the enterprise at all times and provide the foundation for Internal Financial Controls with reference to your Company's Financial Statements. Such Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by management and approved by the Audit Committee and the Board. These Policies are supported by the Corporate Accounting and System Policies that apply to the entity as a whole to implement the tenets of Corporate Governance and the Significant Accounting Policies uniformly across the Company. The Accounting Policies are reviewed and updated from time to time. Your Company uses ERP Systems as a business enabler and also to maintain its Books of Account. The SOPs in tandem with transactional controls built into the ERP Systems ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The systems, SOPs and controls are reviewed by divisional management and audited by the Internal Auditor whose findings and recommendations are reviewed by the Audit Committee and tracked till its implementation. Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been tested during the year and no reportable material weakness in the design or operation was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that proper check and balance are reinforced on an ongoing basis.



## **DIRECTORS' REPORT (Contd.)**

### **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance and that of its Committees and individual Directors. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, 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.

To determine the criteria of evaluation of the performance of the Independent Directors as required under the Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee at its meeting established the criteria based on which the Board will evaluate the performance of the Directors.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on the parameters such as level of engagement and contribution, independence of judgement. 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.

The Directors expressed their satisfaction over the evaluation process and results thereof.

### **COMMITTEES OF BOARD**

#### **AUDIT COMMITTEE**

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

#### **NOMINATION AND REMUNERATION COMMITTEE**

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

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The composition and other details of Corporate Social Responsibility (CSR) Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

### **POLICIES AND CODES**

#### **REMUNERATION POLICY**

Your company has formulated a remuneration policy for the Board Members, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) in terms of the provisions of section 178 of the Companies Act, 2013 read with the relevant rules there under and listing agreement. The said policy is appended as **Annexure - 9** hereto and forms part of this Report.

#### **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

The Company has formed a Whistle Blower Policy/ Vigil Mechanism policy as required under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy may be referred to, at the Company's website at the weblink: [http://balasorealloys.com/webpage.php?title=Code+of+Conduct&p\\_type=1&parent=35&catid=59](http://balasorealloys.com/webpage.php?title=Code+of+Conduct&p_type=1&parent=35&catid=59).

#### **RISK MANAGEMENT POLICY**

In order to fulfill the objectives of Risk Management Policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management.



## **DIRECTORS' REPORT (Contd.)**

### **Principles of Risk Management:**

1. All business decisions will be made with the prior information and acceptance of risk involved.
2. The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.
3. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the company.
5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.
6. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

### **Risk Management Policy Statement**

The policy statement is as given below:

1. To ensure protection of shareholders value through the establishment of an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating and reporting of all risks.
2. To provide clear and strong basis for informed decision making at all levels of the organization.
3. To continually strive towards strengthening the Risk Management System through continuous learning and improvement

### **POLICY ON PREVENTION OF SEXUAL HARASSMENT**

Your Company has adopted the policy against Sexual Harassment of Women at Workplace, for the purpose of preventing, prohibiting and redressing sexual harassment of female employees including permanent, temporary, on training and on contract basis at all the workplace within the company, which are based on fundamental principles of justice and fair play.

Further, an Internal Complaints Committee (ICC) has been constituted which shall be responsible for redressal of complaints related to sexual harassment. The Company has put in place suitable processes and mechanisms to ensure issues of sexual harassment, if any, are effectively addressed. During the year, no complaints of sexual harassment were received.

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

Your Company has been at the forefront in extending benefits to the local communities in and around its projects. We have always believed in the sustainable development of the society. We have earned the trust of the local community over the years through our community services, on a regular basis, throughout the year.

In compliance with the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board has formulated and recommended to the Board, a CSR Policy for its approval.

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The CSR Policy may be accessed on the Company's website at link: [http://balasorealloys.com/gallery.php?title=CSR+&p\\_type=7&parent=36&photo\\_catid=99999&catid=38](http://balasorealloys.com/gallery.php?title=CSR+&p_type=7&parent=36&photo_catid=99999&catid=38).

The Annual Report on CSR for the financial year 2014-15 as required under the Companies (Corporate Social Responsibility) Rules, 2014 has been appended as **Annexure - 8** to this Report.

### **POLICY ON MATERIALITY & DEALING WITH RELATED PARTY TRANSACTIONS**

The Company in its meeting held on 20th May, 2014 had approved the policy on materiality of and dealing with Related Party Transactions. The policy regulates the transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also lays down mechanism for identification, approval, review and reporting of such transactions.

The policy on materiality of and dealing with Related Party Transactions may be accessed on the Company's website at link:

[http://balasorealloys.com/webpage.php?title=Code+of+Conduct&p\\_type=1&parent=35&catid=59](http://balasorealloys.com/webpage.php?title=Code+of+Conduct&p_type=1&parent=35&catid=59).



## **BALASORE ALLOYS LIMITED**

### **DIRECTORS' REPORT (Contd.)**

#### **CODE OF CONDUCT**

The Company's Code of Conduct is based on the principle that business should be conducted in a professional manner with honesty and integrity and thereby enhancing the reputation of the Company. The Code ensures lawful and ethical conduct in all affairs and dealings of the Company.

#### **CODE OF INSIDER TRADING**

The Company has devised a framework to avoid Insider Trading and abusive self-dealing. The Code on prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on unpublished price sensitive information. Trading window remains closed so long unpublished price sensitive information is not made public.

#### **OTHER REQUIREMENTS**

#### **EXTRACT OF THE ANNUAL RETURN**

Extract of the Annual Return as on the financial year ended 31st March, 2015 in Form MGT - 9 is annexed hereto as **Annexure - 6** and forms a 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.

#### **PERSONNEL**

Your company is continuing the tradition of excellence in human capital management by adopting all modern tools and techniques of human management. The pragmatic and proactive approach of management has contributed in enhancing the job satisfaction of employees. A congenial productive atmosphere has been created through mutual trust and transparency between the management and the employees. Your company always remains vigilant to capitalize on talent pool in order to promote performance driven work culture, both within and outside the organization.

#### **AWARD AND RECOGNITION**

The Company has received many awards from various organizations in recognition of its outstanding performance and contribution to the industry and society. Some of the awards received during the financial year 2014-15 are mentioned below:

- 1) 20th All Odisha Quality Circle Award was conferred to Balasore Alloys Ltd. in the 20th All Odisha Quality Circle Convention organized by NALCO, Bhubaneswar.
- 2) The Best Pro-People Corporate House of Odisha Award was conferred to Balasore Alloys Ltd. at the function organized by Padmashree Jayanta Mohapatra International Centre.
- 3) Our Organization is certified with QMS, EMS and OHSAS (ISO 9001, ISO 14001 and ISO 18001) in the discipline of Quality, Environment and Occupational Health and Safety.

#### **PARTICULARS AS PER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013.**

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 are given in the **Annexure - 7** hereto and forms part of this Report.

#### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years shall be transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 25th September, 2014 (date of last Annual General Meeting) on the website of Ministry of Corporate Affairs.

**DIRECTORS' REPORT (Contd.)****EXIT FROM CORPORATE DEBT RESTRUCTURING (CDR) MECHANISM**

Your Company was referred to Corporate Debt Restructuring (CDR) mechanism from 1st April 2004 due to prolonged depressed domestic and international market conditions, and increase in power and fuel costs. The Company's performance improved over the years, so the Company along with its lenders commenced the exit procedures from CDR mechanism. During the year, Lenders have computed the recompense liability of Rs. 6275.72 Lacs from 1st April 2004 as approved by CDR Empowered Group (EG). Based on such approvals, provision of Rs. 4367.31 Lacs has been made towards balance recompense payable which has been shown as exceptional item. Subsequently, company has issued Non - Convertible Debentures against the recompense payable to its lenders aggregating to Rs. 4685.72 Lacs and balance amount of Rs.1590 Lacs was paid to Lenders from time to time. Further CDR EG in its meeting dated 26th March, 2015 has given direction that company stands exited from CDR.

**APPRECIATION**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as a leading player in the industry.

Your Directors express their sincere appreciation for the continued co-operation and support extended to the Company by the Central Government, the Government of Odisha, Government Agencies, Regulatory Authorities, Stock Exchanges, Company's Bankers, Business Associates, Shareholders and the Community at large.

Kolkata  
27th May, 2015

For and on behalf of the Board

**Anil Sureka**  
*Managing Director*  
DIN: 00058228

**M Trivedi**  
*Director*  
DIN:00050785





# BALASORE ALLOYS LIMITED

## DIRECTORS' REPORT (Contd.)

### Annexure - 1

#### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries / associate companies**

#### Part "A": Subsidiaries

(Rs in Lacs)

Sl. No.	Name of the subsidiary	Milton Holdings Ltd.	Balasore Metals Pte. Ltd.
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1USD = INR 62.59	1USD = INR 62.59
3.	Share capital (Issued, Subscribed & Paid Up)	2194.83	0.00*
4.	Reserves & surplus (incl. debit balance in Profit & Loss Account)	742.50	-18.68
5.	Total assets	2,944.20	3.46
6.	Total Liabilities	6.87	22.14
7.	Investments	-	-
8.	Turnover	-	-
9.	Profit / Loss before taxation	-2.66	-4.38
10.	Provision for taxation	-	-
11.	Profit after taxation	-2.66	-4.38
12.	Proposed Dividend	-	-
13.	% of shareholding	100%	100%

\* The Holding Company holds the entire Equity Share Capital of 1 Ordinary, fully paid share having Face value of USD 1.00 amounting to USD 1.00.

The following information shall be furnished:-

- Names of subsidiaries which are yet to commence operations: - N.A
- Names of subsidiaries which have been liquidated or sold during the year: - N.A.

#### Part "B":

#### STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES

Sl. No.	Name of Associates	Balasore Energy Limited
1.	Latest audited Balance Sheet Date	31st March, 2015
2.	Shares of Associate held by the company on the year end	
	- No. of Shares	17000
	- Amount of Investment in Associates (Rs. in Lacs)	1.70
	- Extend of Holding %	34%
3.	Description of how there is significant influence in Associates	There is significant influence due to holding 34% Share Capital.
4.	Reason why the associate is not consolidated	Associate has been considered in Consolidation.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs. in Lacs)	0.19
6.	Profit / Loss for the year	
	i. Considered in Consolidation (Rs. in Lacs)	-0.13
	ii. Not Considered in Consolidation	-

The following information shall be furnished:-

- Names of associates or joint ventures which are yet to commence operations - N.A.
- Names of associates or joint ventures which have been liquidated or sold during the year. - N.A.



## DIRECTORS' REPORT (Contd.)

## Annexure - 2

**Form AOC-2***(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:**

## 1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2015, which were not at arm's length basis.

## 2. Details of contracts or arrangements or transactions at arm's length basis

Sl. No.	Particulars	Details						
(a)	Name(s) of the related party	Gontermann Peipers India Limited	Navdisha Real Estate Private Limited	Sri Mahalaxmi Solar Energy Pvt. Ltd	Jaltarang Vanijya Pvt. Ltd	Shakti Chrome Limited	Navoday Consultant Limited	Ispat Profiles India Limited
(b)	Nature of relationship	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.	Body Corporate where there is significant influence.
(c)	Nature of contracts / arrangements / transactions	Sale of Ferro Chrome.	Utilising Office premises on rental basis.	Advances repaid.	Advances repaid.	Investment made in 12% Non-Convertible Debentures.	Advances received back.	Loan given.
(d)	Duration of the contracts / arrangements/ transactions	Ongoing	Ongoing	Repaid during the Financial Year 2014-15.	Repaid during the Financial Year 2014-15.	01.04.2014 to 30.03.2015*.	Advances received back during the Financial Year 2014-15.	Ongoing.
(e)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of Ferro Chrome for an estimated amount upto Rs 2 Crores in a financial year.	Utilising Office premises on rental basis @ Rs. 7.2 lacs per month.	Advances repaid Rs. 101.69 Crores.	Advances repaid Rs. 92.36 Crores.	Investment made in 12% Non-Convertible Debentures of Rs. 6.90 Crores.	Advances received back of Rs. 5 Lacs.	Loans shall not exceed Rs. 20.00 Crores at any point of time.
(f)	Date(s) of approval by the Board, if any	20.05.2014	20.05.2014	20.05.2014	20.05.2014	20.05.2014	20.05.2014	06.02.2015
(g)	Amount paid as advances, if any:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\* The investment in 12% Non-Convertible Debentures of Shakti Chrome Ltd. was sold on 30.03.2015.



**DIRECTORS' REPORT (Contd.)**

**Annexure - 3**

**SECRETARIAL AUDIT REPORT**

**Form No. MR-3**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

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

To,  
The Members,  
Balasore Alloys Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Balasore Alloys Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable:
  - a) SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
  - b) SEBI (Prohibition of Insider Trading) Regulations, 1992
  - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
  - e) SEBI (Issue and listing of Debt securities) Regulations, 2008
  - f) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
  - g) The SEBI (Delisting of Equity Shares) Regulations, 2009
  - h) The SEBI (Buyback of Securities) Regulations, 1998
- vi) As identified by the Management, following laws are specifically applicable to the Company:
  - a) Mines Act, 1952
  - b) Mines and Minerals (Development & Regulation) Act 1957 and Rules there under
  - c) Mineral Conservation and Development Rules, 1988
  - d) Water Cess Act 1977
  - e) The Explosive Rules 2008
  - f) Electricity Act 2003
  - g) Iron Ore Mines, Managanese Ore Mines & Chrome Ore Mines, labour Welfare Cess Act 1976
  - h) Iron Ore Mines, Managanese Ore Mines & Chrome Ore Mines, labour Welfare Cess Rules 1978



## **DIRECTORS' REPORT (Contd.)**

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with BSE Limited and The Calcutta Stock Exchange Limited (CSE).

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

I further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) 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.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in 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.

I further report that during the audit period, the Company has passed following special resolutions which authorize the Board to exercise powers in relation thereto, but presently do not have a major bearing on the Company's affairs:

- i) Increase in borrowing limits under section 180(1)(c) of the Companies Act, 2013
- ii) Sell, lease or dispose of whole or substantially the whole of the undertaking of the Company under section 180(1)(a) of the Companies Act, 2013.

I further report that during the Audit period:

- i) 66 lakhs Equity shares were allotted pursuant to conversion of equivalent number of warrants to M/s Navoday Consultants Ltd and M/s Dankuni Investments Ltd.
- ii) 80 lakhs Convertible Equity Warrants of Rs.5/- each has been issued to the Promoter Group Companies for funding growth and modernization projects.
- iii) 46,85,720 11% Non-Convertible Debentures of Face Value of Rs. 100/- each were issued to the Consortium Bankers for converting the balance recompense amount under Corporate Debt Restructuring mechanism.
- iv) The Company has executed a Business Transfer Agreement on February, 19 2015 with Rohit Ferro Tech Limited for acquiring its Ferro alloy plant at Kalinganagar Industrial Complex, Duburi - 755 026, Dist- Jajpur, Odisha as a going concern on a slump sale basis.
- v) The Company has executed an agreement on November 16, 2014 to acquire the business of Jabamayee Ferro Alloys Limited as a going concern on a slump sale basis.

This report is to be read with my letter of even date which is annexed as **Annexure - I** which forms an integral part of this report.

For **MKB & Associates**  
Company Secretaries

**Manoj Kumar Banthia**  
[Proprietor]  
ACS no. 11470  
COP no. 7596

Date: 26th May 2015  
Place: Kolkata



## BALASORE ALLOYS LIMITED

### DIRECTORS' REPORT (Contd.)

#### Annexure - I

To,  
The Members,  
Balasore Alloys Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MKB & Associates  
Company Secretaries

Manoj Kumar Banthia  
[Proprietor]  
ACS no. 11470  
COP no. 7596

Date : 26th May 2015  
Place: Kolkata



**DIRECTORS' REPORT (Contd.)****Annexure - 4**

**Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.**

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15;  
 Median: 325716  
 Managing Director: 44 times  
 Director-Finance: 18 times  
 Director-Operations: 15 times  
 Company Secretary: 7 times
- (ii) Percentage increase in remuneration of each director, CEO i.e. Managing Director, CFO i.e. Director-Finance, Company Secretary in the financial year 2014-15;  
 Managing Director: 0%  
 Director-Finance: 24%  
 Director-Operations: 11%  
 Company Secretary: 8%
- (iii) Percentage increase in the median remuneration of employees in the financial year 2014-15;  
 Median 2013-14: 300156  
 Median 2014-15: 325716  
 8.5% increase in median remuneration
- (iv) There are 962 Number of permanent employees on the rolls of company as on 31.03.2015.
- (v) Explanation on the relationship between average increase in remuneration and company performance;  
 Net Profit (13-14): 45.89 Crores  
 Increment (13-14): 2.88 Crores  
 Increment on Net Profit: 6%

- (vi) Comparison of the remuneration of the Key Managerial Personnel i.e. (Managing Director, Director-Finance, Director-Operations, Company Secretary) against the performance of the company;

Sl. No.	Name	Designation	Remuneration (Rs. in Lacs)	Avg. against Company performance (13-14): 45.89 Crs
1	Anil Sureka	Managing Director	143.89	3.12%
2	R K Parakh	Director - Finance	56.82	1.31%
3	Ansuman K. Bhanja	Director -Operations	*20.57	1.09%
4	Trilochan Sharma	Company Secretary	21.79	0.50%

\* Mr Ansuman K. Bhanja was appointed w.e.f. 07.11.2014

- (vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Avg % increase below Manager (13-14): 12%

Avg % increase Manager & above (13-14): 11%


**DIRECTORS' REPORT (Contd.)**

- (viii) comparison of the each remuneration of the Key Managerial Personnel i.e. (Managing Director, Director-Finance, Director-Operations, Company Secretary) against the performance of the company;

Same as above point no. vi.

- (ix) The key parameters for any variable component of remuneration availed by the directors;

Directors are not eligible for any variable payment like performance linked pay & production incentive.

- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: NA

- (xi) It is affirmed that the remuneration is as per the remuneration policy of the company.

**Annexure - 5**

**The particulars of employees as required by Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of the employees employed throughout the financial year and drawing Rs. 60 lacs or more:**

Name	Designation/ Nature of Duties	Remunerati on Received [Rs.]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held
Mr. Anil Sureka	Managing Director	143.89 Lacs	B. Com & Company Secretary	42	59	17.04.2012	JSW Ispat Steel Ltd.

Notes:

1. Remuneration comprises salary, allowances, medical reimbursement, production incentive, leave travel assistance, contribution to provident fund, monetary value of other perquisites, etc.
2. The nature of employment is contractual in accordance with terms and conditions as per Company Rules.
3. The employee is not a relative of any Director of the Company

**DIRECTORS' REPORT (Contd.)****Annexure - 6**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March, 2015**  
of

**BALASORE ALLOYS LIMITED**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L27101OR1984PLC001354
- ii) Registration Date : 31.05.1984
- iii) Name of the Company : BALASORE ALLOYS LIMITED
- iv) Category / Sub-Category of the Company : LIMITED BY SHARES
- v) Address of the Registered Office and contact details : Balgopalpur - 756 020, Dist. Balasore, Odisha  
Tel. Nos. +91-6782-275781-85
- vi) Whether listed Company : Yes
- vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any : MCS Share Transfer Agent Ltd.  
Unit: Balasore Alloys Limited  
12/1/5, Manoharpukur Road, Ground Floor,  
Kolkata - 700 026  
Ph. Nos. +91 33 4072 4051 / 4052 / 4053  
Fax Nos. +91 33 4072 4050  
E-mail: mcssta@rediffmail.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product	% to total turnover of the company
1.	Ferro Chrome / Ferro Alloys	2711	100%

**III. 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
1.	Milton Holdings Ltd. Suite - G 12, St. James Court, St Dennis Street, Port Louis, Mauritius.	N.A	Wholly owned Subsidiary	100%	2(87)
2.	Balasore Metals Pte. Ltd. 3 Anson Road, 27-01, Springleaf Tower, Singapore - 079909.	N.A.	Wholly owned Subsidiary	100%	2(87)
3.	Balasore Energy Ltd. Balgopalpur - 756 020, Dist. Balasore, Odisha	U40102OR2008PLC010020	Associate Company	34%	2(6)


**DIRECTORS' REPORT (Contd.)**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2014)				No. of Shares held at the end of the year (as on 31st March, 2015)				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	533660	4660	538320	0.84	533660	4660	538320	0.76	-0.08
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	27004076	0	27004076	42.00	33604076	0	33604076	47.40	5.40
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	27537736	4660	27542396	42.84	34137736	4660	34142396	48.16	5.32
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	2393420	0	2393420	3.72	2393420	0	2393420	3.38	-0.34
(d) Banks / FI									
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	2393420	0	2393420	3.72	2393420	0	2393420	3.38	-0.34
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	29931156	4660	29935816	46.56	36531156	4660	36535816	51.54	4.98
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	100	13500	13600	0.02	100	13500	13600	0.02	0
(b) Banks / FI	3151	587922	591073	0.92	3151	587922	591073	0.84	-0.08
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	6682382	0	6682382	10.39	1697013	0	1697013	2.39	-8.00
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	6685633	601422	7287055	11.33	1700264	601422	2301686	3.25	-8.08
<b>2. Non-Institutions</b>									
(a) Bodies Corp.	5063457	61634	5125091	7.97	6839339	58850	6898189	9.73	1.76
(b) NRI/ Foreign Co.	277919	602259	880178	1.37	556752	601051	1157803	1.63	0.26
(c) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8053718	9019489	17073207	26.56	9036664	8910331	17946995	25.32	-1.24
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3968172	0	3968172	6.17	6048938	0	6048938	8.53	2.36
(d) Others (specify)	20892	0	20892	0.03	984	0	984	0	-0.03
Sub-total (B)(2)	17384158	9683382	27067540	42.10	22482677	9570232	32052909	45.21	3.10
Total Public Shareholding (B)=(B)(1)+(B)(2)	24069791	10284804	34354595	53.43	24182941	10171654	34354595	48.46	-4.98
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	54000947	10289464	64290411	100	60714097	10176314	70890411	100	0


**DIRECTORS' REPORT (Contd.)**
**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2014)			Share holding at the end of the year (As on 31.03.2015)			% 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.	Goldline Tracom Pvt Ltd	12402346	19.29	19.13	12402346	17.50	17.35	- 1.79
2.	Navoday Exim Private Limited	4888800	7.60	0.78	500000	0.71	0.71	-6.89
3.	Navdisha Real Estate Private Limited	1801880	2.80	2.80	1801880	2.54	2.54	-0.26
4.	Indethal Holding Limited	1304100	2.03	0.00	1304100	1.84	0.00	-0.19
5.	Ispat Steel Holdings Ltd	689400	1.07	0.00	689400	0.97	0.00	-0.10
6.	Seema Lohia	528880	0.82	0.00	528880	0.75	0.00	-0.07
7.	Securex Holding Limited	365900	0.56	0.00	365900	0.52	0.00	-0.04
8.	Navoday Highrise Private Limited	90000	0.14	0.00	7346635	10.36	0.00	10.22
9.	Navoday Niketan Private Limited	80000	0.12	0.00	4953215	6.99	0.00	6.87
10.	Global Steel Holdings Limited	34020	0.05	0.00	34020	0.05	0.00	0.00
11.	Vinod Kumar Mittal	2330	0.00	0.00	2330	0.00	0.00	0.00
12.	Pramod Kumar Mittal	5710	0.01	0.00	5710	0.01	0.00	0.00
13.	Archana Mittal	420	0.00	0.00	420	0.00	0.00	0.00
14.	Saroj Rateria	420	0.00	0.00	420	0.00	0.00	0.00
15.	Santosh Kumar Rateria	560	0.00	0.00	560	0.00	0.00	0.00
16.	Ushaditya Trading Private Limited	7392500	11.50	0.00	0.00	0.00	0.00	-11.50
17.	Navoday Management Services Limited	200450	0.31	0.00	0.00	0.00	0.00	-0.31
18.	Mita Holdings Pvt Ltd	148100	0.23	0.00	0.00	0.00	0.00	-0.23
19.	Dankuni Investments Limited	0.00	0.00	0.00	3300000	4.66	0.00	4.66
20.	Navoday Consultants Limited	0.00	0.00	0.00	3300000	4.66	0.00	4.66

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	29935816	46.56	29935816	46.56
On 16.04.2015 preferential allotment of 33,00,000 Equity Shares each to Dankuni Investments Ltd. and Navoday Consultants Ltd. pursuant to conversion of equivalent number of Warrants	6600000	4.98	6600000	4.98
At the end of the year	36535816	51.54	36535816	51.54




**DIRECTORS' REPORT (Contd.)**
**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2014)		Shareholding at the end of the year (As on 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Hypnos Fund Limited *	3495369	5.44	0	0
2	India Focus Cardinal Fund	1697013	2.64	1697013	2.39
3	Emerging India Focus Funds*	1490000	2.32	0	0
4	Shah Jyotindra Ramniklal	801000	1.25	376589	0.53
5	Unit Trust of India	581760	0.90	581760	0.82
6	Kimberley Steel and Equipment Services Pvt Ltd	405257	0.63	405257	0.57
7	Monarch Research & Brokerage Pvt Ltd	346828	0.54	405801	0.57
8	Delta Trading Company Ltd	326100	0.51	326100	0.46
9	Pentacle Infrastructures and Towers Pvt Ltd*	274102	0.43	0	0
10	JM Financial Services Limited	239733	0.37	13000	0.02
11	VLS Finance Ltd**	0	0	1000000	1.41
12	Sangita S.**	0	0	793690	1.12
13	Sathya S.**	0	0	350939	0.50
14	Ashdil Sales & Promotion Pvt. Ltd.**	87000	0.14	287000	0.40

\* They ceased to become part of top 10 shareholders as on 31.03.2015

\*\* They have become part of top 10 Shareholders as on 31.03.2015.

**(v) Shareholding of Directors and Key Managerial Personnels (KMPs):**

Sl. No	For each of the Directors and KMPs	Shareholding at the beginning of the year (As on 01.04.2014)		Cumulative Shareholding during the year (As on 31.03.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr Pramod Kumar Mittal - Chairman	5710	0.00	5710	0.00
2.	Mr Mahesh Trivedi	252	0.00	252	0.00
3.	Mr S K Pal	0.00	0.00	0.00	0.00
4.	Mr Shantanu Mohapatra	0.00	0.00	0.00	0.00
5.	Dr A K Bhattacharyya	0.00	0.00	0.00	0.00
6.	Prof. S K Majumdar	0.00	0.00	0.00	0.00
7.	Mr K P Khandelwal	0.00	0.00	0.00	0.00
8.	Mr K C Raut, Nominee Director - SBI.	0.00	0.00	0.00	0.00
9.	Mrs Vartika Mittal Goenka	0.00	0.00	0.00	0.00
10.	Mr R K Parakh, Director-Finance	0.00	0.00	0.00	0.00
11.	Mr Ansuman K. Bhanja, Director-Operations	0.00	0.00	0.00	0.00
12.	Mr Anil Sureka, Managing Director	0.00	0.00	0.00	0.00
13.	Mr. Trilochan Sharma	100	0.00	100	0.00


**DIRECTORS' REPORT (Contd.)**
**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01.04.14</b>				
i) Principal Amount	8,451.96	20,761.81	-	29,213.77
ii) Interest due but not paid	38.63	26.83	-	65.46
iii) Interest accrued but not due	0.14	-	-	0.14
<b>Total (i+ii+iii)</b>	<b>8,490.73</b>	<b>20,788.64</b>	<b>-</b>	<b>29,279.37</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	6,435.91	1,037.87	-	7,473.78
• Reduction	-3,877.48	-21,060.96	-	-24,938.44
<b>Net Change</b>	<b>2,558.43</b>	<b>-20,023.09</b>	<b>-</b>	<b>-17,464.66</b>
<b>Indebtedness at the end of the financial year as on 31.03.15</b>				
i) Principal Amount	10,866.60	720.00	-	11,586.60
ii) Interest due but not paid	-	45.55	-	45.55
iii) Interest accrued but not due	182.56	-	-	182.56
<b>Total (i+ii+iii)</b>	<b>11,049.16</b>	<b>765.55</b>	<b>-</b>	<b>11,814.71</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Anil Sureka (Managing Director)	Mr. R K Parakh (Director-Finance)	*Mr. Ansuman K. Bhanja (Director-Operations)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	127.21	50.48	18.97	196.66
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.20	3.17	0.73	14.10
	(c) Profits in lieu of salary	6.48	3.17	0.87	10.52
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>143.89</b>	<b>56.82</b>	<b>20.57</b>	<b>221.28</b>
	Ceiling as per the Act	Rs. 430.8 Lacs approx (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

\* Mr Ansuman K. Bhanja was appointed w.e.f. 07.11.2014


**DIRECTORS' REPORT (Contd.)**
**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. M Trivedi	Mr. S Mohapatra	Mr. S K Pal	
Independent Directors				
● Fees for attending board / committee meetings	2,80,000	1,60,000	2,50,000	6,90,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (A)	2,80,000	1,60,000	2,50,000	6,90,000

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. S K Majumdar	Mr. K P Khandelwal	Mr. A K Bhattacharyya	
Independent Directors				
● Fees for attending board / committee meetings	2,70,000	2,35,000	2,40,000	7,45,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (B)	2,70,000	2,35,000	2,40,000	7,45,000

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. K C Raut	Mrs. Vartika M. Goenka	Mr. P K Mittal	
Other Non-Executive Directors				
● Fees for attending board / committee meetings	20,000	20,000	-	40,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (C)	20,000	20,000	-	40,000

Total Directors Fees (A+B+C) = Rs. 14.75 Lacs Overall Ceiling as per the Act is Rs.43.08 Lacs approx (being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)



**DIRECTORS' REPORT (Contd.)**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Trilochan Sharma (Company Secretary)	Total
1	Gross salary		
	(a) Salary as per provisions contained in u/s 17(1) of the Income-tax Act, 1961	19.33	19.33
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.54	1.54
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	0.92	0.92
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>21.79</b>	<b>21.79</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment			None		
Compounding			None		



**DIRECTORS' REPORT (Contd.)**

**Annexure - 7**

**PARTICULARS AS PER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013.**

**A. CONSERVATION OF ENERGY**

**a) Energy conservation measures taken:**

- i) Replacement of Cast Aluminium Blade by FRP Blade in All GCP Axial flow fans (22 No's).
- ii) Replacing 36 watt flourescent tubes by T5.
- iii) Installation of VFD in Screw compressor.
- iv) Replacement of reciprocating compressor by Screw compressor.
- v) Installation of lighting transformer to reduce lighting voltage in administrative building & MRP.
- vi) Installation of VFD in GCP- 5 ID fan.
- vii) Installation 4 no's of Rentar Catalyst (Briquetting Plant).
- viii) Enclosure for raw material storage yard.
- ix) Capacitors are installed at load side (Major Motors).

**b) Additional investments and proposals, if any, being implemented for Energy conservation:**

- i) Installation of VFD in ID fan of Furnace- 1,2,3,4 Gas cleaning plant. (Investment Rs. 24 Lacs).
- ii) Replacement of Cast Aluminium Blade by FRP Blade for Furnace - 1 & 2 cooling Tower (fan - 1, 2 & 3) - Investment Rs 3 Lacs.
- iii) Replacement of Furnace - 1 & 2 cooling tower (Investment Rs. 8 Lacs)
- iv) Refractory material for Furnace - 3 (relining of damaged refractory material) - Investment 3 Lacs.

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

- i) Sl. no. - 1 Annual saving 14520 Kwh @Rs 5.6/Kwh = Rs. 81,312/-
- ii) Sl. no. - 2 Annual saving 9240 Kwh @ Rs.5.6/- Kwh = Rs. 51,744/-
- iii) Sl. no. - 3 Annual saving 131625 Kwh @ Rs.5.6/- Kwh = Rs. 7,37,100/-
- iv) Sl. no. - 6 Annual saving 180000 Kwh @ Rs.5.6/- Kwh = Rs. 10,08,000/-
- v) Sl. no. - 7 Annual saving 150 KL F.O@ Rs.31/liter- = Rs. 46,50,000 /-
- vi) Sl. no. - 8 Annual saving 75 KL F.O @ Rs.31/liter- = Rs. 23,25,000 /-

**B. TECHNOLOGY ABSORPTION**

**1) Research & Development (R & D)**

**a) Specific areas in which R & D was carried out by the Company**

1. Introduction of bentonite as binder in briquetting process to reduce briquette cost.
2. Installation and operation of lime spraying machine for C I lime coating to increase life.
3. Production of Value Added Products like Low Silicon (1.5% above) Ferro Chrome.
4. Installed offline chrome screening system in Briquetting plant to increase efficiency of Online Chrome screening system.
5. Use of cylidercal carbon paste in furnace.

**b) Benefit derived as a result of the above R & D**

The R & D efforts helped in reduction of cost of production, improvement in production process, increase in production and exploring market segment.



**DIRECTORS' REPORT (Contd.)****c) Future plans of action**

- i) Use of Pyroxnite / Dunite in place of Magnesite and partially Quartzite.
- ii) Cascading metal casting method using C I Pan (partially implemented).
- iii) Feasibility of producing value added product.

**d) Expenditure on R & D**

- i) No Capital Expenditures was incurred during the financial year 2014-15.
- ii) Total R & D Expenditure (% of total turnover): Expenses incurred on R& D activities are charged to respective heads and not allocated separately.

**2) Technology Absorption, Adaptation & Innovation**

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - i) Installing new Jigging machine to improve Metal Recovery of metal fines from slag mix.
  - ii) Automation of Briquetting Plant.
  - iii) Installing Dust Extraction System in Furnace-3 Raw Material Handling System.
  - iv) Installing GCP dust pneumatic conveying system in Furnace - 3.
- b) Benefits derived as a result of the above efforts, e.g. processing, product improvement, clean environment and mineral conservation.
- c) Future plans of action
  - i) Development of Underground Chrome Mines.
  - ii) Built up Ferro Chrome production capacity.
  - iii) Feasibility of production of value added products like Low carbon and Low silicon Ferro Chrome.
- d) Particulars of technology imported during the last five years - Not applicable.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in crores)

<b>Earnings on account of:</b>	<b>2014-15</b>	<b>2013-14</b>
FOB value of exports	57,719.69	48,827.40
<b>Total</b>	<b>57,719.69</b>	<b>48,827.40</b>
<b>Outgo on account of:</b>		
a) Raw materials	6,386.59	3,801.74
b) Stores & spare parts	156.59	-
c) Travelling Expenses	328.04	224.24
d) Commission on Sales	333.09	623.23
e) Finance Cost	192.87	107.88
f) Others	231.31	243.56
<b>Total</b>	<b>7628.49</b>	<b>5000.65</b>



**REPORT ON CSR ACTIVITIES/ INITIATIVES**

**[Pursuant to Section 135 of the Act & Rules made there under]**

**1. A brief outline of the BAL's CSR policy, including overview of the projects or programs proposed to be undertaken**

Corporate Social Responsibility Policy of BAL encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

Corporate Social Responsibility (CSR) has been embedded in the long term business strategy of the Company. For BAL, business priorities co-exist with social commitments to drive holistic development of people and communities. The Company's CSR initiative helps in elevating the quality of life, especially to the disadvantaged sections of the society. It aims to continue its efforts to build on its tradition of social responsibility to empower people and deepen its social engagements.

The Corporate Social Responsibility (CSR) Committee has formulated and recommended to the Board, this Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at link:

[http://balasorealloys.com/gallery.php?title=CSR+&p\\_type=7&parent=36&photo\\_catid=99999&catid=38](http://balasorealloys.com/gallery.php?title=CSR+&p_type=7&parent=36&photo_catid=99999&catid=38)

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

**Focus Areas of Engagement**

Among various CSR initiatives of the Company, the major focuses areas of CSR spending for the Year 2014-15 had been the followings:-

- a. **Healthcare** - Your Company have invested in multiple healthcare projects. Mega health camps have been organised to benefit around 2000 local people. Free eye cataract surgery camp, Blood donation camp, free vaccination camp, distribution of free medicines, health awareness & promotion programmes, programme for physically challenged person, free ambulance facility, distribution of blankets & mosquito nets to 200 families, etc., are among various initiatives taken towards health care.
- b. **Drinking Water Supply** - Around 260 families in the catchment areas of the Company were benefitted by hygienic water supply through deep bore well, overhead tank, pipe line, stand posts, etc.
- c. **Environment** - BAL's commitment towards environment balance made to go for an Avenue Plantation driving of 3370 seedlings in 16 RKM in Balasore Municipality area, 15000 from Mangalpur to Kuhika. Distribution of 100 coconut plants in the peripheral villages of Kaliapani Chromite Mines.
- d. **Infrastructure Development** - BAL has taken various infrastructural projects like construction of toilets, street light arrangements and construction of village community centre & common utility service centre in its peripheral areas. The Company has also extended service through the District Administration for the 2014 flood affected people of Balasore & Jajpur district of Odisha.
- e. **Women Empowerment** - Your Company have taken various initiatives for empowering rural women by providing special training programmes on sewage, mushroom cultivation. Around 25 families of Balgopalpur and Sereipur village have been backed with such types of special training programmes. Further, Women self help group have also been formed to make them self dependent.
- f. **Education Development** - With the view to enhance and support educational facilities, BAL has distributed computer sets to the nearby schools which have touched the life of 1500 students. Further, company keeps on distributing various school kits like bags, etc.

**2. The composition of the CSR Committee**

We have a CSR Committee of the Board of Directors who overviews the CSR undertakings to ensure that the CSR objectives are met. Our CSR Committee comprises:-

- Mr. Mahesh Trivedi
- Prof. S. K. Majumdar
- Mr. K. P. Khandelwal
- Mr. Anil Sureka

**DIRECTORS' REPORT (Contd.)****3. Average Net Profit of the company for last 3 financial years & Prescribed CSR expenditure (2% of amount)**

Section 135 of the Companies Act, 2013 and rules made there under prescribes that every company having a net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more or a net profit of Rs. 5 Crores during any financial year shall ensure that the Company spends, in every financial year atleast 2% of the average net profit made during the three immediately preceding financial years, in pursuance of its CSR Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to the company. The financial details as sought by the Company Act, 2013 are as follows:-

(Rs. In lakhs)

Particulars	Amounts
Average net profit of the Company for last three financial years	5,705.26
Prescribed CSR Expenditure (2% of the average net profit)	114.11
<b>Details of CSR expenditure during the financial year :</b>	
Total amount to be spent for the financial year	114.11
Amount Spent	46.82
Unspent Amount <sup>1</sup>	67.29

**Note: - 1.** The projects undertaken under CSR activities are at initial stage and therefore the Company could not spend the minimum spending of 2% of the average net profits of last three financial years. The Company will spend the unspent amount during the financial year 2015-16.

**4. Details of CSR activities / projects undertaken during the year:**

- Total amount to be spent for the financial year
- Amount un-spent, if any
- Manner in which the amount spent during financial year is detailed below:

**Plant**

Sl. No.	CSR Project/Activity Identified	Sector in which the project is covered.	Projects / Programme 1. Local Area / others 2. Specify the state/district (Name of the District where project/programme was undertaken)	Amount outlay (Budget) Project / Programme wise (Rs.)	Amount spent on the project / programme Sub-heads: 1. Direct Expenditure on project / programme 2. Overhead. (Rs.)	Cumulative spend upto the reporting period. (Rs.)	Amount spent: Direct / through implementing Agency
1.	Distribution of School Bag to the students in the tribal villages; Monthly Teachers Payment; Providing Bench & Desk to the School	Promotion of Education	Balgopalpur / Sereipur, Nuapadhi under Remuna Block of Balasore District.	4,26,072	1,87,583	1,87,583	Direct Expenditure
2.	Health Camp and free medicines distributed at Gopinath Temple, Remuna	Tribal Development (Health Care)	Gopinath Temple of Remuna, Balasore District.	1,00,000	54,500	54,500	Direct Expenditure
3.	Assistance for Construction of Girls' Toilet, Assistance for Higher Education, Providing of UPS for Computer	Women Empowerment	Somnathpur, under Remuna Block of Balasore	2,84,662	0	0	Direct Expenditure
4.	Road Side Plantation at Balasore Municipality Area	Environmental Conservation	Balasore Municipality Area	7,90,000	2,53,760	2,53,760	Expenditure incurred through OASIS, Balasore
5.	Construction of CC Road, Tube Well etc., Construction of Community Centre, Installation of Water lifting Motor, Installation of Street Lights, installation of Tube Wells, etc.	Basic Infrastructure	Bangargaon, Mandarpur and Remuna Bazar under Remuna Block of Balasore	21,64,514	10,45,024	10,45,024	Rs 10,00,000 (Through NOCCI) and 45,024/- Directly


**DIRECTORS' REPORT (Contd.)**

Sl. No.	CSR Project/Activity Identified	Sector in which the project is covered.	Projects / Programme 1. Local Area / others 2. Specify the state/district (Name of the District where project/programme was undertaken)	Amount outlay (Budget) Project / Programme wise (Rs.)	Amount spent on the project / programme Sub-heads: 1. Direct Expenditure on project / programme 2. Overhead. (Rs.)	Cumulative spend upto to the reporting period. (Rs.)	Amount spent: Direct / through implementing Agency
6	Distribution of Mosquito Nets, Treatment for Critical Disease, Eye Cataract Surgery	Promotion of Health	Nuapadhi, Gourpur, Patripal, Ganipur under Remuna Block of Balasore	2,58,068	1,57,250	1,57,250	Direct Expenditure
7	Distribution of Blanket, Distribution of Relief	Natural Calamity	Naraharipur, Nuagaon, Mukhura, Balgopalpur, Mandarpur, Kurunia, Rasalpur under Remuna Block of Balasore	1,70,000	95,459	95,459	Direct Expenditure
8	Support for education in peripheral area schools and colleges of BAL plant. School desk, benches, sports materials is also provided as and when requirement is sensed by BAL management.	Development of Education	Schools of Naraharipur, Nuagaon, Mukhura, Balgopalpur, Mandarpur, Kurunia, Rasalpur under Remuna Block of Balasore	41,400	41,400	41,400	Direct Expenditure
9	a) Mega health camps b) Mobile Health Services with free Medicines.	Promotion of Health	Naraharipur, Nuagaon, Mukhura, Balgopalpur, Mandarpur, Kurunia, Rasalpur under Remuna Block of Balasore	42,500	42,500	42,500	Direct Expenditure
10	Programme for Physically Challenged youths for providing various training programme like tailoring, Mobile Repairing, computer training etc. with required accessories to make them self sufficient	Youth Development	Napadhi, Mukhura, Nuagaon under Remuna Block of Balasore	2,87,132	1,09,588	1,09,588	Direct Expenditure
	<b>Total</b>			<b>45,64,348</b>	<b>19,87,064</b>	<b>19,87,064</b>	

**Mines**

Sl. No	CSR project / activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area / others- 2. specify the state / district (Name of the District/s, State/s where project / programme was undertaken)	Amount outlay (budget) project / programme wise (Rs.)	Amount spent on the project / programme Sub-heads: 1. Direct expenditure on project / programme, 2. Overheads (Rs.)	Cumulative spend up to the reporting period (Rs.)	Amount spent: Direct / through implementing agency
1.	a) Mega health camps b) Mobile Health Services with free Medicines.	Promotion of Health	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State	98,960	98,960	98,960	By BAL
2.	Hygienic water supply: 1. Installation of 4 Nos. Tube wells. 2. Installation of 3 Nos. Bore well with water vats. 3. Handing over ceremony of Kaliapani Water Supply Project. 4. Reimbursement of Elect. Bill for Drinking water Supply Project at Kaliapani & Ghagia Sahi.	Drinking Water Supply	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State	14,03,268	6,29,378	6,29,378	By BAL
3.	Avenue Plantation, distribution of trees, etc.	Environmental sustainability	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State	25,68,531	15,25,558	15,25,558	By BAL


**DIRECTORS' REPORT (Contd.)**

Sl. No	CSR project / activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area / others- 2. specify the state / district (Name of the District/s, State/s where project / programme was undertaken	Amount outlay (budget) project / programme wise (Rs.)	Amount spent on the project / programme Sub-heads: 1. Direct expenditure on project / programme, 2. Overheads (Rs.)	Cumulative spend up to the reporting period (Rs.)	Amount spent: Direct / through implementing agency
4.	Street light arrangement	Infrastructural Development	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State.	6,90,530	3,54,078	3,54,078	By BAL
5.	Special training programs on sewage, mushroom cultivation, etc. (Provided blankets, mosquito nets).	Women Empowerment	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State.	3,36,154	0	0	By BAL
6.	Distribution of School Bags & White washing of School Building	Educational Development	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State.	9,78,791	0	0	By BAL
7.	i. Organized tournaments, Sports & games, Meetings & Cultural events. ii. Provided sports materials to local teams.	Sports, Culture & Youth Development	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State.	1,23,200	0	0	By BAL
8.	Peripheral Development	Contribution at the time of Natural Calamity	Local flood affected area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha State.	6,23,156	62,900	62,900	By BAL
9.	Distribution of School Bag to the students in the tribal villages, Monthly Teachers Payment, Providing Bench & Desk to the School of peripheral areas of mines	Tribal Development	Local schools of 12 peripheral gram panchayat of Sukinda, Jajpur, District of Odisha	23,930	23,930	23,930	By BAL
	<b>Total</b>			<b>68,46,520</b>	<b>26,94,804</b>	<b>26,94,804</b>	

**CSR Committee confirms that the implementation and monitoring of CSR policy is in line with the CSR objectives of the Company.**

**Sd/-**

**Anil Sureka**  
Managing Director

**Sd/-**

**Mahesh Trivedi**  
Chairman - CSR Committee



**Remuneration Policy for Board Members, Key Managerial Personnel & Senior Management Personnel of Balasore Alloys Limited**

**1. Preamble**

- 1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 ("the Act") states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 1.2 Section 178 of the Companies Act, 2013 has been made effective from April 1, 2014 by the Central Government vide notification no. S.O. 902(E) issued on March 26, 2014. Therefore this Remuneration Policy ("the Policy") is being framed and formulated in adherence with the provisions of the Act and Rules made thereunder, as amended from time to time.
- 1.3 The Policy provides a framework for remuneration to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of the Company (collectively referred to as "**Executives**").  
  
The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- 1.4 The existing Remuneration Committee of the Board of Directors is being re-named as Nomination and Remuneration Committee ("the Committee") so as to adhere to with the provisions of Section 178(1) of the Act. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 1.5 The Policy will be reviewed every year by the Nomination and Remuneration Committee.

**2. Aims & Objectives**

- 2.1 The aims and objectives of the Policy may be summarized as follows:
  - 2.1.1 The Policy shall set criteria for determining qualifications, positive attributes and independence of a director and remuneration of the Executives.
  - 2.1.2 The Policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.
  - 2.1.3 The Policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
  - 2.1.4 The Policy will ensure that the interests of Board members & executives are aligned with the business strategy, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
  - 2.1.5 The Policy will ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**3. Principles of remuneration**

- 3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 Transparency: The process of remuneration mechanism shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 Internal equity: The Company shall remunerate the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.





## **DIRECTORS' REPORT (Contd.)**

- 3.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other relevant laws.
- 3.6 Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

### **4. Nomination and Remuneration Committee**

- 4.1 The Committee shall be responsible for:
- 4.1.1 Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;
  - 4.1.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Executives.
  - 4.1.3 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
  - 4.1.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 4.2 The Committee shall:
- 4.2.1 review the ongoing appropriateness and relevance of the Policy;
  - 4.2.2 ensure that all provisions regarding disclosure of remuneration, including pensions, leave encashment, gratuity, etc. are fulfilled;
  - 4.2.3 obtain reliable, up-to-date information about remuneration in other companies;
  - 4.2.4 ensure that no director or executive is involved in any decisions as to their own remuneration.
- 4.3 Without prejudice to the generality of the terms of reference as set out above, the Committee shall:
- 4.3.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to the Executives including individual limit and make amendments to the terms of such schemes, as the case may be;
  - 4.3.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors.
  - 4.3.3 review the terms of Executives service contracts from time to time.

### **5 Procedure for selection and appointment of the Board Members**

- 5.1 Board membership criteria:
- 5.1.1 The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member, KMP and SMP for the better management of the Company. The objective is to have a Board with diverse background and experience in profession, government, academics, technology and in areas that are relevant for the Company's operations.



## **DIRECTORS' REPORT (Contd.)**

- 5.1.2 In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.
  - 5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, and carrying out the affairs of the Company in a true, fair and transparent manner.
  - 5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
  - 5.1.5 The Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.
  - 5.2 Selection of Board Members/ extending invitation to a potential director to join the Board:
    - 5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.
    - 5.2.2 The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.
- 6 Procedure for selection and nomination of KMPs and SMPs.**
- 6.1 The Committee shall actively liaise with the Human Resource (HR) departments of the Company to study the requirement for management personnel, and produce a written document thereon;
  - 6.2 The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
  - 6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
  - 6.4 A meeting of the Committee shall be convened, and the qualifications, experience, skills and other capability of the initial candidates shall be examined on the basis of the recommendation for appointment of KMP and SMP shall be made to the Board of Directors of the Company;
  - 6.5 Before the selection of KMP or SMP, the recommendations of the Committee together with the relevant information about the appropriate candidate(s) shall be submitted to the Board of Directors;
  - 6.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

## **7 Compensation Structure**

### **7.1 Remuneration to Non-Executive Directors:**

The Non-executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Audit Committee of Board of Directors is Rs. 15,000/- per meeting. However, sitting fees for attending meeting of the Risk Management Committee and Project Committee is Rs. 10,000/- per meeting and sitting fees for attending other committee meetings i.e. Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social responsibility Committee is Rs. 5,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company shall not be paid any other remuneration or commission.

**DIRECTORS' REPORT (Contd.)**

The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013.

**7.2 Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):**

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs, KMPs and SMPs as recommended by the Committee shall be approved by the Board of Directors at a meeting. In case of MD/ WTDs which shall be subject to the approval of members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

**8 Role of Independent Directors**

- 8.1 The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this Policy to the Board for its approval.
- 8.2 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- 8.3 The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and place before to the Board of Directors.

**9 Approval and publication**

- 9.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 The Policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013

**10 Supplementary provisions**

- 10.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the State, Union or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for their review and adoption.
- 10.3 The right to interpret this Policy vests in the Board of Directors of the Company.
- 10.4 The policy may be amended by the Committee as and when required subject to the approval of the Board.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GLOBAL ECONOMY**

Global growth in 2014 was a modest 3.4% (3.4% in 2013), primarily due to pickup in growth in advanced economies.

Developing countries which were an engine of global growth, post the financial crisis, faced a difficult economic environment. As a result, growth in emerging and developing economies slowed. Despite the slowdown, emerging market and developing economies accounted for three-fourths of global growth in 2014.

Headline inflation has declined in advanced economies, reflecting the decline in oil prices, softer prices for other commodities, and a weakening of demand in a number of countries already experiencing below-target inflation, such as the euro area and Japan.

With regard to emerging markets, lower prices for oil and other commodities contributed to reductions in inflation through 2014, with the notable exception of countries suffering sizable exchange rate depreciations, such as Russia.

**Going forward:** Divergence across major economies will narrow in 2015 as growth is expected to plateau in the US and strengthen in the Euro Area and Japan. Lower oil prices will support consumer spending and hold inflation at record lows in the short term, but its effect should decline by 2016. Activity in China will continue to decelerate modestly in line with expectations, with the slowdown buffered by scaled-up monetary and fiscal accommodation.

The recovery in the Euro Area is progressing more rapidly than expected since late 2014, supported by a weakening euro, declining oil prices, record low interest rates, and improved bank credit supply. The Euro Area growth is projected to reach 1.5% in the current year, increasing to 1.7% in 2016-17.

Overall, global growth is projected to reach 3.5% in 2015 and 3.8% in 2016.

Challenges faced by developing economies in 2015

- 1) The widely expected tightening of monetary conditions in the United States, along with monetary expansion by other major central banks, has contributed to broad-based appreciation in the U.S. dollar and is exerting downward pressure on capital flows to developing countries.
- 2) Low oil prices are adversely impacting global economic progress as a whole. For oil-importing countries, the benefits of lower crude price are limited, although it is facilitating in reducing vulnerabilities. For oil-exporting countries, lower prices have sharply reduced economic activity and increased fiscal, exchange rate and inflationary pressures.

### **INDIAN ECONOMY**

The full-year GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, a tad lower than an official estimate of 7.4% (figures calculated as per the new series of national accounts with base year of 2011-12). This growth was due to improvement in the performance of both services as well as manufacturing sectors. The Gross Value Added (GVA), a new concept introduced by CSO to measure the economic activity, rose by 7.2% in 2014-15 compared 6.6% in the previous fiscal. The economy remained relatively unshackled of factors generally associated with an economic slowdown.

Average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4% (April-December) vis-à-vis 8.9% in 2013-14, as fuel witnessed a sharp decline in prices. Food price inflation also moderated to 4.8% during April-December 2014 as compared to 9.4% in 2013-14. Average retail inflation, measured by Consumer Price Index (CPI), moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14. The country's current account deficit (CAD) narrowed sharply to 1.3% of GDP, in 2014-15 primarily on account of a lower trade gap.

One of the heartening features has been the emergence of India as a large economy with a promising outlook, amidst the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

**Government stimulus:** The Prime Minister's vision to shape a new destiny with the promise of "Sabka Saath, Sabka Vikas" kindled new hopes and aspirations of a billion plus people. In the course of 2014-15, a series of reforms and initiatives were announced. The Prime Minister's call to 'Make in India' holds enormous promise to radically transform the Indian economy. Complemented by initiatives such as 'Digital India', 'Swachh Bharat' and 'Jan-Dhan Yojana', a foundation is being laid for a multiplier impact on inclusive development. A conscious endeavour is visible at creating a vibrant identity that represents modern India. While it is apparent that a journey of a thousand miles has indeed begun with determined steps, it will be a while before the desired results are achieved.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

*Outlook:* India is set to become the world's fastest-growing major economy by 2016 ahead of China, the International Monetary Fund (IMF) said in its recent latest forecast. India is expected to grow at 6.3 per cent in 2015, and 6.5 per cent in 2016 by when it is likely to cross China's projected growth rate, the IMF said in the latest update of its World Economic Outlook.

India could become the world's seventh biggest nation in terms of private wealth, with a 150% increase in total, from US\$ 2 trillion in 2013 to US\$ 5 trillion in 2018, as per a recent study by the Boston Consulting Group.

### **CHROME ORE SECTOR**

#### **Global Chrome Ore sector**

The global chrome ore production showed a marginal decline in 2014 as global chrome ore and concentrate output reduced by 4.2% to about 29 million tonne from the peak production of 30.3 million tonne in 2013.

All major chrome ore producing nations upped their production levels in 2014; important notable exceptions were Asia and Australasia (34% drop in its output) Western Europe including Turkey (20% drop in its output). This drop was cushioned by marginal production increase in Eastern Europe (up 7%) and the Americas (up 7%).

South Africa was the largest country accounting for 55% of the global chrome ore and concentrate production. The country's conventional chrome output rose by 12%, but its UG2 (a by-product of the platinum industry used as a cost-effective chrome substitute to produce ferrochrome) output fell due to a five-month strike in the local platinum sector.

Kazakhstan's chrome ore production, the second largest in the world, rose by 12% YoY. India remained the third largest chrome-ore producer in 2014, but saw its production fall by 28%. This is mainly attributable to a mining license renewal issue that left many of India's chrome mines inactive for several months causing a relative domestic shortage.

China was the largest chrome ore consuming country with imports representing 32% of global production - China plays an important role in global chrome ore trade. China imported 22% less chrome ore in 2014 than the year before. This translates into less material traded worldwide in 2014.

#### **Indian Chrome Ore Sector**

India's chrome ore and chrome concentrate production fell to 2 MnT in 2014-15 against 2.8 MnT in 2013-14 - a drop of 28%. This fall was primarily due to considerably lower ore production by Tata Steel. This was due to the mining restriction imposed by the Supreme Court on its Chromite mine in Sukinda valley.

As a result, ferro chrome manufacturers faced the challenge of sourcing chrome ore at competitive prices. The fiscal became even more challenging as dumping of Stainless steel in the domestic market by China, South Korea and Malaysia adversely impacted the demand for ferro chrome.

During first nine months of financial year 2015 (April- Dec'14), Indian Chrome ore import was recorded at 190,000 MT against 260,000 MT in FY14. Indian Chrome ore export in FY14 was 195,000 MT. It took a sharp fall during April-Dec in FY15 and was recorded at only 25,000 MT.

### **GLOBAL FERRO CHROME SECTOR**

Global ferrochrome (charge chrome/HC, MC, LC, FeCr) production was up by 9% last year, to nearly 11.8 million tonne, a new record high.

Pulled by increasing stainless steel output volumes, high-carbon ferrochrome and charge chrome production reached 11.1 million tonne up 9% YoY. Meanwhile, low and medium carbon ferrochrome output rose by nearly 17% YoY to 0.65 million tonne. Ferro-silico-chrome, used primarily to produce low carbon ferrochrome also saw its production rising by 20.5% to 0.38 million tonne in 2014.

China overtook South Africa as the largest ferrochrome producing country in 2012 and has held this position ever since. In 2014-15, China posted a record output in excess of 4.2 million tonne. However, China experienced production cuts especially towards the end of the year due to two reasons:

- Low ferrochrome prices pushed forced sizeable capacity closure
- Environmental pressures



## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

South Africa's production of almost 4 million tonne in 2014-15 an all-time peak. As a matter of fact, during the fourth quarter of 2014, South Africa's quarterly output exceeded that of China. This growth was due to producers increasing their output and Glencore's investment in extra capacity though power availability continued to pose a challenge in South Africa.

Decreasing prices for chrome ore and ferrochrome had an impact on consumption and production. Ferrochrome was in oversupply despite the increased stainless steel output. Hence, high-carbon ferrochrome prices were trending down.

Trade-wise, global high-carbon ferrochrome imports were 4.5% higher in 2014 YoY, as China opted to import more ferrochrome last year owing to the relative scarcity of chrome ore and low ferrochrome prices.

### **INDIAN FERRO CHROME SECTOR**

In India, the two first quarters of 2014 showed production levels on par with 2013, however, the following quarters were impacted by the local shortage of chrome ore. Consequently, India's ferrochrome output decreased by 17% last year.

Integrated manufacturers with an appetite for expansion will have an opportunity to acquire the idle capacities.

Your Company has acquired the Ferro Chrome business of Jabamayee Ferro Alloys Limited and has signed Business Transfer Agreement for acquisition of business of Jajpur unit of Rohit Ferro Tech Limited on a slump sale basis.

Your company has captive Chromite ore mines in Sukinda Valley at Jajpur (Odisha). The mines take care of Chrome ore requirement of the company. Your Company is one of the few Ferro Chrome manufacturing companies in the country having captive mines. This is a major competitive advantage to the Company, since availability of Chrome ore is very uncertain and the price is also exorbitant.

Sustainability of the domestic sector, however, demands a rapid increase in domestic consumption of ferrochrome. Much will depend on how quickly Indian per capita consumption of stainless steel, now 2.1 kg, approaches the world average of 5 kg.

### **OPPORTUNITIES AND THREATS**

#### **Opportunity**

South Africa's power problem has jeopardised the prospects of its ferro chrome industry. This has forced its customers to seek for alternative supply source. This provides India with a good opportunity to fill in the gap. This also helps in de-risking the growth prospects of the ferro chrome industry from an over dependence on China for exports.

The pro-business Government's thrust on implementing stuck infrastructural projects and initiating new projects is expected to drive the demand for steel which augurs well for the ferro chrome industry.

The depreciation of Indian Rupee is also helping in managing the profitability of companies.

#### **Threats**

India's chrome ore depleting reserves is a major concern for the Industry. Therefore immediate efforts are required for underground mining as well as step up R&D activities to develop techno-commercially feasible techniques of low grade ore beneficiation.

Rising cost of production, rising production of ferro chrome in China and depreciation of South African Currency (Rand) are key concerns which could impede the growth of the domestic industry.

### **FUTURE PROSPECTS AND THE COMPANY'S STRATEGIES**

While stainless steel output continues to increase primarily due to the growth emerging out of China, the ferro chrome industry is likely to maintain a balance on the supply side.

In the global ferro chrome sector, the over-capacity scenario is expected to persist. But the excess volumes would be taper down as unviable operating units would face closure or consolidation.

In the view of the above, the Company has planned to expand its market segmentation - catering to special steel manufacture sector with value added products. This will expand the Company's global footprint, particularly in Europe, USA, South America and Japan.





## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

### **BUSINESS STRENGTHENING INITIATIVES**

With a robust presence and a more sustained profit in mind, the Company not only brought in a blend of quality product mix in the market, but also paid heed to implementing numerous initiatives at their shop-floor.

- The Company, with ample assistance from leaders in various domain areas, took steps to upgrade next level automation and energy saving measures.
- The Company focused on a more intensive use of initiatives like TPM, Six Sigma, Lean JIT and BAL Q1 practices. This has been complemented with Strategic Planning in Supply Chain Management and Customer Relationship Management. As a result, the operating costs were controlled.
- The Company also restructured the marketing strategies with a view to improve net realisations. Focus has been on proper segmentation in the domestic and international markets, along with addressing new market segments.
- The Company continued its efforts in achieving maximum asset utilization and also on maximising value addition by arriving at an optimum quantity-quality mix through intelligent production planning.
- The Company also initiated a project with a view to underground ore mining. It also adopted the latest technology to increase ore output, improve productivity and ensure long-term business sustainability. Along with this, it also initiated energy conservation projects in order to optimise fuel consumption across the shop floor.

### **Looking Ahead**

The prime focus of the Company in the present year is introducing value added products like medium silicon, low phosphorous, medium carbon, high chromium and low titanium along with enhancing plant capacity.

### **QUALITY ASSURANCE**

The accreditations enjoyed by Company include ISO 9001: 2008 & ISO 14001:2004 from the Bureau of Indian Standards & OHSAS 18001:2007 from the bureau Veritas. These certifications ensure the quality commitment, technological excellence, and thorough occupational health & safety assessment via the Environmental Management System in the Company.

Now the Company has gone ahead for the ISO 50001 on Energy Management System. We have successfully cleared the surveillance and renewal audit conducted by senior auditors of certification bodies. Our commitments towards quality products, stringent quality assurance procedures & statistical processes have helped us to minimise customer complaint.

Among our installations is a Wave length dispersive X-ray- Fluorescence (WDXRF), TGA (Thermo Gravimetric Analyzer) for better precision of testing. These equipments are expected to reduce the risks of chemical hazard and also ensure less use of chemicals and time. The Company is also in the process of obtaining product certification from BIS1170: 1992, JIS G 2303: 1998, DIN-17565 & ASTM-A101-04.

### **ENVIRONMENTAL AND SAFETY MEASURES**

As always, the prime priority of your company continues to be the safety and protection of the environment.

**Environment Management:** In order to take care of the various environmental aspects connected to our industry, the Company has not only institutionalised a structured environmental management system, but also has a team that ensures that the right statutory discharge norms are being followed. The Company operates a zero-discharge model as far as liquid waste management is concerned, and the waste water is recycled to be used for dust suppression and horticulture purposes.

On the other hand, the solid waste is put to good use in various construction activities, as a replacement for stone chips. Using a dry fug system, dust emissions are managed. We have gas cleaning units attached with every furnace or drier which helps us to combat the prescribed standard of stack gas emission as set by statutory bodies. We are thus able to keep our parameters well within the norm.

Other hazardous wastes like used oil, used battery, biomedical waste are disposed to authorized recyclers or as per prescribed norms of pollution board. We reuse flue dust in our side plant premises. We have also done our part in augmenting ground water levels, by adopting rain water harvesting and artificial recharge methodology.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

**Green cover:** With an objective to make the green cover balance better, the Company continued its plantation programme at local villages, along with initiating massive plantation activities at the mines and plant. In order to ensure a sustainable eco system, distribution of fruit bearing trees, avenue plantation at nearby area and plantation in fallow lands has been taken up as well.

**Safety:** The safety of employees, visitors and local people is very important to us. Hence, our safety team goes through periodic reviews and audits so that none of the concern areas are missed out. Through such reviews, we eliminate unsafe practices, and also ensure certain safety measures like round the clock ambulance and fire tender service (for emergencies in the factory or the neighbouring areas), best quality safety equipments for workers, installation of fire hydrant lines around the plant, smoke detector and fire alarm at fire prone areas, automatic modular fire extinguishers at transformer rooms, convex mirrors at blind corners, among others. In the year 2015 the company was certified with ISO 18001:2007.

Apart from the above measures, we also undertake in house, on-site and audio visual safety training exercises for all categories of workers. Mock drills are conducted at regular interval to check the emergency preparedness of the emergency command structure. For better visibility at night, we have also set up fluorescent, radium safety boards. Then there is the "Hand book on safety" which is circulated among the workers to create awareness regarding the safety, along with the "Visitor information card" to ensure the visitors are aware of basic safety norms.

The Company performs strict monitoring of its safety circles, and maintains separate periodic safety check sheets for equipments like EOT Crane, conveyer belt, ladder & staircase, earthing pits & fire Extinguishers. The company also celebrates activities like National Safety Week, Fire service week and Road safety week, thereby creating awareness among workers.

### **THE ROADMAP OF BUSINESS EXCELLENCE**

The company follows a Business Excellence Model which leverages the 3 prime Ps (People / Planet / Profit) of socially responsible way of doing business, and it addresses all stakeholders. Employees across the organization are actively involved and the structure is regularly reviewed, especially at the apex level, which has made operational excellence and sustainable growth of the organization a possibility.

Owing to the above practices, our managers / leaders are at a better position to understand the cause and effect relationship between the activities and the achieved results. Quality management tools are systematically used and have ensured an improvement in performance, customer satisfaction, and stakeholder value and process management.

The following initiatives function under our Business Excellence Model:

**Six Sigma:** The Six Sigma initiative has significantly contributed in transforming business by breaking myths of conventional wisdom. The re-designing of business process and standard operating practices in line with Six Sigma techniques has resulted in breakthrough improvements and enhanced bottom line.

**BAL Q1:** During the year, we strengthened all our processes by implementing the BAL Q1 standards. New tools like APQP, PPAP, 8D, MSA, FMEA have been utilised to minimise product failures. Our employees have been trained in these tools as well, thereby increasing their skill set.

**Malcolm Baldrige Business Excellence Model:** We are implementing the World renowned Business Excellence initiative based on Malcolm Baldrige Quality Framework. This model focuses on seven critical aspects of an organisation namely, Leadership, Strategies, Customer, Workforce, Measurement Analysis & Knowledge Management, Operations and Results.

Launched in February, 2015, this initiative is being implemented in phases. New BAL Business Excellence model (simulation of Malcolm Baldrige Excellence Framework) integrates existing Business Excellence (BE) teams under a single umbrella and will help us to align our vision, mission, objectives and strategies in a more cohesive manner.

**Lean Management:** Implementation of the lean management practices resulted in lead time reduction, inventory reduction, elimination of non valued added activities across the supply chain.

**Total Productive Maintenance (TPM):** The TPM implementation program continues to lead us towards building Plant & People Capability and building Cultural ownership. While JH & PM pillars Steps implementation is focussed on improving & sustaining equipments & assets in their best of health condition, the Focussed Improvement (KK) pillar is working on management drive loss elimination & cost optimization projects, progress being monitored & reviewed. Education & Training pillar focussed on increasing the training effectiveness by driving dynamic training programmes with easy to understand training modules, cut out modules, live demos & the evaluation process based on knowledge and skill. Safety Health & Environment pillar through various forums & initiative making people imbibe the safety habits, safety practices, identify and eliminate the unsafe conditions in each process. Quality Maintenance pillar activities is ensuring to minimize the process variation, increasing the NSR while DM pillar implementing the

**MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

learning from the past NPD (equipment /process) projects into newer projects. SCM pillar focussing on the concept of “Just-In-Time” whereas Innovation management pillar developing newer techniques & technology for the business.

**FINANCIAL PERFORMANCE**

(Rs in Lacs)

Particulars	Financial year ended 31st March, 2015	Financial year ended 31st March, 2014
	<b>Standalone</b>	
Total Income	88,166.37	79,128.71
Profit/( Loss) Before Interest, Depreciation & Tax (EBIDTA)	14,194.00	13,134.62
Finance Charges	3,415.95	3,845.60
Depreciation	2,106.38	1,884.54
Exceptional Items	4,367.31	—
Provision for Income Tax ( Including for earlier years)	1,380.27	2,804.19
Net Profit After Tax	2,924.09	4,600.29
Profit brought forward from Previous Years	22,506.20	18,472.22
Profit Carried to Balance Sheet	23,873.02	22,506.20

This year, the net profit has been at Rs 2,924.09 Lacs and the Company has announced a dividend of 12%.

Owing to improvement across the key parameters, the company has achieved an impressive performance, with the total income for the year ended March 31, 2015 being Rs 88,166.37 Lacs - a growth of 11.42% over the previous year. During the year the company's main focus was exports and book sales of Rs 62,537.80 Lacs, which is higher by 15.21% over the last year's figure.

There has been an increase in the cost of consumption of raw materials by 17.61% - from Rs 23,231.78 Lacs to Rs 27,323.31 Lacs. Power and fuel cost increased by 6.69%, from Rs 21,814.65 Lacs to Rs 23,274.99 Lacs, because of increased volume of production as compared to the previous year.

PBDIT stood at Rs 13,134.62 Lacs against Rs 14,194.00 Lacs over the corresponding financial year.

The interest and finance charges decreased by 11.17%, from Rs 3845.60 Lacs to Rs 3415.95 Lacs. This decrease was mainly due to the effect of repayment of term loan during the year.

PAT stood at Rs 2,924.09 Lacs as against Rs 4,600.29 Lacs in the previous year, signifying a decrease of 36.43% due to one time charge off in the Profit & Loss account on account of Recompense amount payable to the lenders under CDR Mechanism. The Basic Earnings per Share (EPS) for the year was Rs 4.14 as against Rs 7.16 and the Diluted Earnings per Share (EPS) for the year was Rs 4.14 as against Rs 6.61 for the previous year.

Shareholders' funds (Net worth) increased from Rs 36,021.91 Lacs to Rs 38,253.83 Lacs as on 31st March, 2015, registering a growth of 6.19% over the previous year.

**HUMAN RESOURCES**

A sound foundation of intellectual capital lies at the core of the competitive advantage of the Company. This capital comprises a rich mix of experience and youth, thereby creating a wholesome culture of excellence.

Your company's human resource philosophy that facilitate in fostering performance, transparency, team work, fairness and empowerment at all levels. This is complemented with the company's established systems and procedures that have been instrumental in realising the full potential of its human capital.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

The company's human resource vision has played the prime role in shaping the company into a passionate, learning oriented and high performing organization. The management has accorded special focus to areas like role clarity, organisation development, employee engagement, team work to facilitate a performance driven culture.

The Company's focus on growing the knowledge curve of its people has facilitated in developing a vibrant workforce capable of meeting present and future requirements.

In 2014-15, with a view to gauge the employee perspective on various parameters of the company, we conducted two employee engagement surveys. This has fittingly contributed in realising the factors behind improvement of the employee's performance, productivity, satisfaction and overall engagement in the organization.

This year, special focus has been put on areas like strategic business plan, organizational development, employee engagement and team work in order to facilitate a performance driven culture. We intend to create a robust leadership that can effectively spearhead the company's expansion - hence we are developing an integrated leadership plan for the same. With a view to create next generation leaders for our company's future, we are planning to conduct assessment centres and develop succession and career development plans.

### **INTERNAL CONTROL SYSTEM**

Control ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risk.

Based on that premise, the Company remained committed to ensure the prevalence of an effective internal control environment, commensurate with its size and nature of business that provides reliable financial and operational information, to ensure compliance of corporate policies and applicable statutory regulations and safeguard Company's assets. The internal audit process includes review and evaluation of effectiveness of the existing processes, controls and compliances. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit.

For effective business control, there is a full-fledged internal audit function, which is supported by firm of independent Chartered Accountants to monitor adherence to all internal policies and procedures as well as compliance with all external regulatory guidelines. The Company has an elaborate financial reporting process, which ensures timely review of all financial information. Periodic reviews are undertaken through internal and external audit teams to monitor efficacy of the prevalent systems. Independence of the audit and compliance function is ensured by a direct line of reporting to the Audit Committee comprising of all Independent Directors as members to maintain the objectivity.

The Audit Committee of the Board provides re-assurance to the Board on the existence of effective internal control environment that ensures:

- Efficacy and effectiveness of operations
- Compliance with the relevant statutes
- Safeguarding of assets and adequacy of provisions towards all liabilities
- Reliability of financial and management information along with adequacy of disclosures
- All significant audit observations and follow-up actions are reported to the Audit Committee. The Audit Committee's observations and suggestions are acted upon, timely, by the Management.

### **MANAGING RISKS AND CONCERNS**

Every prospect comes with its fair share of risks and concerns. Yet, we consider it our responsibility to minimize instances of risks in our business and get maximum returns.

**The Framework:** Our integrated risk management system is the core of our risk mitigation strategy, and focuses largely on prudential norms, structured reporting and control. Hence, even though our risk management is initiated at the senior management level, it still gets decentralised across the organisation, reaching managers at various organisational levels, which in turn prepares them to mitigate risks at every level.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

**The Organized Outlook:** By segregating all our risks in separate sections, namely potential, operational, financial, strategic, growth and execution we have been able to bring about company-wide reviews by linking the fore mentioned risks with the Annual Business Plans of the Company.

**The Risk Review:** For the purpose of periodically reviewing the identified risks and corresponding mitigation plans, the company has set up a Risk Management Committee, comprising Board Members. In order to reassess the Risk Management framework of the Company, we have also engaged a reputed consultant. This helps us ensure the adequacy of our risk mitigation systems in this ever changing business landscape.

**Key Counter Measures:** Our prime risk mitigation measures are outlined as under:

- Quarterly reports on statutory compliances, duly certified, are submitted for review to the Audit Committee as well as the Board of Directors
- Every quarter, the status of Demand/Notices on the Company, under various Acts and Rules, as well as status of litigations are reported to the Board of Directors
- Wherever possible, appropriate insurance cover is taken for financial risk mitigation.
- Regular confirmations of compliance with applicable statutory requirements are obtained from the respective unit/divisions and subjected to an elaborate verification process
- Compliance(s) with exception(s), if any, are duly reported to the Audit Committee and the Board of Directors

### **CAUTIONARY STATEMENT**

*Statements in this Management Discussion and Analysis report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand - supply conditions, raw material prices, finished goods prices, cyclical demand and pricing in the Company's products and their principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries with which the Company conducts business and other factors such as litigation and / or labour negotiations.*

**REPORT ON CORPORATE GOVERNANCE****1. CORPORATE GOVERNANCE**

Sound Corporate Governance practices are guided by culture, conscience and mindset of an organization and are based on principles of openness, fairness, professionalism, transparency and accountability with an aim to building confidence of its various stakeholders and paving way for its long-term success. In Balasore Alloys Limited, Corporate Governance is defined as a systematic process by which companies are directed and controlled keeping in mind the long-term interests of all their stakeholders. Achievement of excellence in good Corporate Governance practices requires continuous efforts and focus on its resources, strengths and strategies towards ensuring fairness and transparency in all its dealings with its stakeholders including society at large. Corporate Governance has indeed assumed greater significance as the world has moved towards closer integration and free trade.

**COMPANY'S PHILOSOPHY ON GOVERNANCE:**

Your Company's philosophy on the Corporate Governance is founded upon a rich legacy of fair and transparent governance practices which are essentially aimed at ensuring transparency in all dealings and hence seeks to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. Your Company has continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies and prudent business plans, thereby ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities. The Company's comprehensive written code of conduct serves as a guide for your company and its employees on the standards of values, ethics and business principles, which should govern their conduct. Your company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. Even in a fiercely competitive business environment that the Company is operating in, the management and employees of your Company are committed to uphold the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company and for achieving Corporate Excellence.

**CORPORATE GOVERNANCE PRACTICES:**

The Company's Corporate Governance practices seek to go beyond the regulatory requirements and with a view to ensuring commitment to transparent, law abiding behaviour and good Corporate Governance, the Company has put in place the following practices:-

- a) **Code of Conduct:** The Company's Code of Conduct is based on the principle that business should be conducted in a professional manner with honesty and integrity and thereby enhancing the reputation of the Company. The Code ensures lawful and ethical conduct in all affairs and dealings of the Company.
- b) **Business Policies:** The Business Policies of Company ensures transparency and accountability to its stakeholders. The policies provide motivation and support for professional development of employees, fair market practices and high level of integrity in financial reporting. The policies recognize Corporate Social Responsibility of the Company and also seek to promote health, safety and quality of environment.
- c) **Prohibition of Insider Trading:** The Company has devised a framework to avoid Insider Trading and abusive self-dealing. The Code on prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on unpublished price sensitive information. Trading window remains closed so long unpublished price sensitive information is not made public.
- d) **Risk Management:** The Company has developed and implemented a comprehensive Enterprise risk management framework for risk identification, assessment, minimization and mitigation procedure. The risk management procedures are clearly defined and periodically reviewed by the Board of Directors with a view to strengthen the risk management framework and to continuously review and reassess the risk that the Company may confront with.
- e) **Safety, Health and Environment Policy:** The Company is committed to conduct its business in a manner that values the environment and helps in ensuring the safety and health of all its employees and society at large. The policy is aimed towards strengthening pollution prevention and control measures.
- f) **Equal Employment Opportunity:** The employment policy of the Company assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, colour, religion, gender, age, marital status, disability, national origin or any other factor made unlawful by applicable laws and regulations. The policy also ensures fair and respectful treatment of all fellow employees.
- g) **Whistle Blower / Vigil Mechanism:** The Company has established a Whistle Blower / Vigil mechanism for its directors and employees to report the concerns about unethical behaviour, actual and suspected fraud or violation of the Company's Code of Conduct.
- h) **Board Diversity:** The Board members are quite diverse as it had Directors from various sectors viz. Finance, Banking, Mining, Risk Management etc.
- i) **Board Evaluation Policy:** Board Evaluation Policy which indicates the criteria for evaluation of the Board, Chairman & Individual Directors of the Company.



**REPORT ON CORPORATE GOVERNANCE (Contd.)****2. Board of Directors****Board Composition and Category of Directors**

The Company has optimum composition of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges. The Board as on 31st March, 2015, consists of 12 directors out of which 6 directors are Independent Directors. The composition and category of the directors on the Board are as follows:-

Category	Name of the Director
Promoter Directors	Mr Pramod Kumar Mittal, Chairman Mrs Vartika Mittal Goenka
Executive Directors	Mr Anil Sureka, Managing Director Mr R K Parakh, Director- Finance Mr Ansuman K. Bhanja, Director-Operations *
Non-Executive Independent Directors	Mr M Trivedi Mr S Mohapatra Mr S K Pal Dr A K Bhattacharyya Prof S K Majumdar Mr K P Khandelwal
Nominee Director	Mr K C Raut**

\*Appointed as an Additional Director designated as Director-Operations w.e.f. 07.11.2014.

\*\*Appointed as Nominee Director of SBI w.e.f. 07.11.2014.

Mrs. Vartika Mittal Goenka serves as a Woman Director in the Board. At the time of appointment, every Independent Director signs a Declaration to confirm that they fulfill all the conditions for being an Independent Director as laid down under Revised Clause 49 of the Listing Agreement with Stock Exchanges.

**Details of the Board Meetings**

Four Board meetings were held during the period from 01.04.2014 to 31.03.2015. The Company has held at least one Board Meeting in every three months and the gap between such two meetings was not more than four months. The dates on which the Board meetings were held are as follows:-

20.05.2014, 07.08.2014, 07.11.2014 and 06.02.2015.

Attendance at aforesaid Board Meetings, at the last Annual General Meeting and the number of Directorships and Committee Chairmanship / Memberships in other Companies of each of the Directors as on 31.03.2015 are below:-

Director	Board Meeting Attended	Attended last AGM held on 25.09.2014 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies #	
			Chairman	Director	Chairman	Member
Mr Pramod Kumar Mittal (Chairman)	1	No	2	Nil	Nil	Nil
Mr M Trivedi	3	Yes	Nil	1	2	Nil
Mr S Mohapatra	4	Yes	Nil	1	1	Nil
Mr S K Pal	3	No	Nil	2	1	1
Dr A K Bhattacharyya	4	No	Nil	2	1	1
Prof S K Majumdar	4	Yes	Nil	Nil	Nil	Nil
Mr K P Khandelwal	4	No	Nil	2	Nil	4
Mrs Vartika Mittal Goenka	1	No	Nil	Nil	Nil	Nil

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Director	Board Meeting Attended	Attended last AGM held on 25.09.2014 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies #	
			Chairman	Director	Chairman	Member
Mr R K Parakh Director-Finance	4	No	Nil	Nil	Nil	Nil
Mr Anil Sureka Managing Director	4	Yes	Nil	1	Nil	1
Mr Ansuman K. Bhanja * Director-Operations	1	N.A.	Nil	Nil	Nil	Nil
Mr K C Raut ** Nominee Director	1	N.A.	Nil	1	Nil	2

\*Appointed as an Additional Director designated as Director-Operations w.e.f. 07.11.2014.

\*\*Appointed as Nominee Director of SBI w.e.f. 07.11.2014.

@ The directorship, held by Directors as mentioned above, do not include Directorships held in foreign companies, companies registered under Section 8 of the Companies Act, 2013 and private limited companies.

# In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committees and Stakeholders Relationship Committees in all public limited companies have been considered.

**Board Procedure**

The Board ensures that the Company's reporting and disclosure practices meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value. The board papers comprising of the agenda backed by comprehensive documents, information are circulated to the directors well in advance to enable them to take appropriate decisions, and in exceptional cases the same is tabled in the board meeting. In addition to the information required under Annexure X to Clause 49 of the Listing Agreement, the Board is also kept informed of major events / items and approvals taken wherever necessary. The Managing Director at the Board Meetings keep the Board apprised of the overall performance of the Company. The Board periodically reviews compliance reports of applicable laws, duly certified by Company Secretary and also checks the steps taken to rectify instances of non-compliances.

**Training of Independent Directors**

The Independent Board members are provided necessary documents, reports and other presentations about the Company. In this way they are regularly informed and updated on the Business model of the company. Such information also enables the Independent Directors to get familiarized with the Company's operations and the industry at large.

**Separate Meeting of the Independent Directors**

A separate meeting of Independent Directors was held on 26th March 2015. The meeting was attended by Mr. Asish K. Bhattacharyya, Mr. Mahesh Trivedi, Mr. S Mohapatra, Mr. S K Pal, Prof. S K Majumdar and Mr. K P Khandelwal.

Mr. Asish K. Bhattacharyya was elected as the Lead Independent Director. In the meeting, the Directors reviewed the performance of Non-Independent Directors, the Chairman of the Board and the Board as a whole and further assessed the quality, quantity and the timeliness of flow of information between the Management and the Board.

The Directors discussed about the diversity of the Board and felt that the Board was quite diverse as it had Directors from various sectors. Apart from overall evaluation they discussed on Board Structure and Committees, Board Meeting and Procedure, the Financial Reporting process and Skill Development and Training.

**Information Placed before Board of Directors**

The Company has complied with Revised Clause 49 of the Listing Agreement with regard to information being placed before the Board of Directors.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

The following items are generally tabled for information and review of the Board:

- Quarterly and yearly financial results of the Company and its subsidiary companies (if any);
- Minutes of meetings of all committees;
- Minutes of meetings of subsidiary companies (if any);
- General Notices of interest to the Directors;
- Dividend data;
- Information of recruitment and resignation of employees above and equivalent to the post of General Manager;
- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Materially important litigations, show causes, demands, prosecutions and penalty notices;
- Fatal or serious accidents, dangerous occurrences and material effluent discharge or pollution related problems;
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Any issue that involves possible public or product liability claims of a substantial nature;
- Details of joint ventures, acquisitions of companies or collaboration agreements;
- Transactions that involve substantial payment towards enhancing goodwill, brand equity or involving intellectual property;
- Any significant development on the Human Resource/Industrial Relations front;
- Sale of material nature of investment, subsidiaries and assets, which are not in the normal course of business;
- Grant of loans and making investments of surplus funds;
- Transactions with related parties;
- Non-compliance of any regulatory, statutory or listing requirements;
- Review of the Risk Management Policy;
- Any other important or critical matters.

The Board is presented with all information under the above heads whenever applicable and materially significant.

**3. Audit Committee**

The Company has a qualified and independent Audit Committee. The terms of reference, role, scope and composition of Audit Committee are in accordance with revised Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. The Committee acts as a link between the management, the statutory and internal auditors and Board of Directors to oversee the financial reporting process. All the members of the Committee are independent Directors.

As on the date of this report, the Committee consists of Six Directors, who bring with them vast experience in the field of operations, finance & accounts and the Company has been immensely benefited from the deliberations of the Audit Committee. Besides the Committee members, functional heads and Auditors of the Company attend the meeting of the Committee on the invitation of the Committee.

The Chairman of the Audit Committee is an Independent Director and the Company Secretary acts as the Secretary to the Committee.

Four Meetings of Audit Committee were held during the year ended 31.03.2015. The dates on which the meetings of the Audit Committee were held are:

20.05.2014, 07.08.2014, 07.11.2014 and 06.02.2015.

As on the date of this report, the composition of the Audit Committee and the meetings attended by the members are as under:

<b>Name of Director</b>	<b>No. of Meetings attended during the period</b>
Mr M Trivedi (Chairman of the Committee)	3
Mr S Mohapatra	4
Mr S K Pal	3
Dr A K Bhattacharyya	4
Prof S K Majumdar	4
Mr K P Khandelwal	4



## **REPORT ON CORPORATE GOVERNANCE (Contd.)**

The Chairman of the Audit Committee attended the previous Annual General Meeting held on 25th September, 2014.

The terms of reference of the Audit Committee are as under:

- Recommendation for the appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:-
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Approval or any subsequent modification of transactions of the company with related parties;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower / Vigil mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### **4. Nomination & Remuneration Committee**

The Remuneration Committee has been renamed as Nomination & Remuneration Committee by the Board in its meeting held on 20th May, 2014 to align with the requirements of Section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement.

As on the date of this Report, the composition of the Committee is in line with requirements of revised Clause 49 of the Listing Agreement and the Companies Act, 2013. The committee comprised of four members, of which all of them are Independent Non-Executive Directors.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Two meetings of Nomination & Remuneration Committee were held during the year ended 31.03.2015. The dates on which the meetings of the Committee were held are:

20.05.2014 and 07.11.2014.

The composition of the Nomination & Remuneration Committee and the Meeting attended by the members during the period is as under:

<b>Name of Director</b>	<b>No. of Meetings attended during the period</b>
Mr M Trivedi (Chairman of the Committee)	1
Dr A K Bhattacharyya	2
Mr S K Pal	1
Prof S K Majumdar	2

Pursuant to the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Board has approved & adopted the terms of reference of the Committee. Given below, *inter-alia*, is a gist of the terms of reference of the Nomination & Remuneration Committee.

- Identification of persons who are qualified to become directors and who may be appointed in senior management;
- Formulation of criteria for evaluation of Independent Director and the Board.
- Formulation of criteria for determining qualifications, positive attributes and independence of a director;
- Recommendation to the Board, a remuneration policy for the directors, KMP and other employees;
- Ensuring the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors;
- Devise a policy on Board diversity;
- Ensuring remuneration to directors, KMP and senior management involves a balance between fixed and incentive pay.

The Committee was also assigned with the responsibility to consider the policy and the matters relating to the remuneration payable to its Managing Director / Whole-time Directors based on the performance and defined assessment criteria.

**5. Remuneration to Directors**

The Board of the Directors of the Company in its meeting held on 20th May 2014, has adopted a policy for remuneration of the Board Members, Key Managerial Personnel (KMPs) & Senior Management Personnel (SMPs) in adherence with the provisions of revised clause 49 of the listing agreement, Section 178 of the Companies Act, 2013 and Rules made there under.

**(a) Remuneration to Non-Executive Directors:**

The Non-Executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees.

Further, pursuant to the recommendation of the Nomination & Remuneration Committee the Board in its meeting held on 7th November, 2014 has approved the revision of sitting fees for attending a meeting of Board or Committee of Board of Directors as under:

<b>Meetings of</b>	<b>Existing Sitting Fees (in Rs.)</b>	<b>Revised Sitting Fees (in Rs.)</b>
Board of Directors	15,000	20,000
Audit Committee	15,000	20,000
Risk Management Committee	10,000	15,000
Project Committee	10,000	15,000
Stakeholders Relationship Committee	5,000	5,000
Nomination & Remuneration Committee	5,000	10,000
Corporate Social Responsibility Committee	5,000	10,000

Further as per the requirement of Companies Act, 2013 the first Independent Directors Meeting was held on 26th March, 2015 and for which Sitting fees was fixed at Rs. 20,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses for attending the meeting. The Non-executive Directors of the Company were not paid any other remuneration or commission.


**REPORT ON CORPORATE GOVERNANCE (Contd.)**
**(b) Remuneration to Executive Directors:**

**Remuneration policy / criteria of payment to Executive Directors:** The Company has a credible and transparent policy in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD / WTDs). Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD / WTDs is subjected to the recommendation of the nomination & remuneration committee and approval of the Board of Directors, members in due compliance of the provisions of Companies Act, 2013 and other applicable rules made there under.

As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Details of remuneration paid to Whole-time Directors for the year ended 31st March, 2015:

(Rs. in lacs)

Director	Salary & Perks	Commission	Total	Service Contract (Years)	Period
Mr. Anil Sureka (Managing Director)	143.89	Nil	143.89	5 Years	01.04.2014 to 31.03.2015
Mr R K Parakh (Director-Finance)	56.82	Nil	56.82	5 Years	01.04.2014 to 31.03.2015
Mr Ansuman K. Bhanja (Director-Operations)	20.57	Nil	20.57	5 Years	07.11.2014 to 31.03.2015

**Relationship of Non-Executive Directors with the Company and interse:** There is no pecuniary relationship or transactions of the Non-Executive Directors visa-vis the Company and interse themselves except for the sitting fees paid to them for attending the Board and Committee meetings.

**6. Stakeholders Relationship Committee**

The Share Transfer and Investor Grievance Committee was renamed as Stakeholders Relationship Committee by the Board in its meeting held on 20th May 2014 to align with the requirements of Section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement.

The composition of the Stakeholders Relationship Committee is as under:

Mr M Trivedi (Chairman of the Committee)	Independent Non-Executive Director
Prof. S K Majumdar	Independent Non-Executive Director
Mr S K Pal	Independent Non-Executive Director
Mr. R K Parakh	Director Finance

The Committee has met twelve times during the period from 01.04.2014 to 31.03.2015. The dates on which the meetings of the Stakeholders Relationship Committee were held are as follows:

10.04.2014, 12.05.2014, 14.06.2014, 14.07.2014, 11.08.2014, 12.09.2014, 10.10.2014, 11.11.2014, 11.12.2014, 14.01.2015, 12.02.2015 & 13.03.2015

All the members of the Committee attended all 12 meetings held during the year.

The object of the Stakeholders Relationship Committee is to approve transfer of shares, consolidation / sub-division of shares, issue of duplicate shares, redressal of investor grievance / complaints and other allied matters. The Committee meets monthly, while the Registrars and Transfer Agent of the Company, to whom the requisite authority is delegated in this regard, attend the transfer formalities thrice in a month.



**REPORT ON CORPORATE GOVERNANCE (Contd.)****Name and Designation of Compliance Officer:**

Mr Trilochan Sharma – President &amp; Company Secretary

**Name and Designation of Contact Person of Registrars and Transfer Agent of the Company:**

Mr Aloke Mukherjee – Manager

“M/s MCS Share Transfer Agent Limited”

Share Transfers / Transmissions etc. as approved by the Committee are notified to the Board at regular intervals. During the year i.e. from 01.04.2014 to 31.03.2015, the status of complaints are as under:

Complaints pending as on 01.04.2014	—	Nil
Complaints received from Investors	—	162
Complaints replied / resolved	—	162
Complaints pending as at 31.03.2015	—	Nil

**7. Corporate Social Responsibility Committee**

The Corporate Social Responsibility (CSR) Committee was constituted by the Board at its meeting held on 20th May, 2014, pursuant to the requirements of section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014.

The Board in its meeting held on 20th May, 2014 has approved the CSR Policy as formulated and recommended by the CSR Committee in accordance with the requirements of the Companies Act, 2013 and rules made there under.

Three Meetings of CSR Committee were held during the year ended 31.03.2015. The dates on which the meetings of the CSR Committee were held are:

20.05.2014, 07.08.2014 and 06.02.2015.

The CSR Committee consists of 5 Directors out of which 3 are independent directors.

The composition of the CSR Committee and the Meeting attended by the members during the period is as under:

Name of Director	No. of Meetings attended during the period
Mr M Trivedi (Chairman of the Committee)	2
Prof. S K Majumdar	3
Mr. K P Khandelwal	3
Mr. Anil Sureka	3
Mr. R K Parakh	3

**8. Other Committees**

The Company also has a Project Committee to overview implementation of various capital projects including status of progress and critical areas affecting projects, implementation schedule and a Risk Management Committee of the Board constituted by the Board at its meeting on 29th May, 2009 assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk and updating the Board about the major risks.

**9. General Body Meetings**

## 1. Details of Annual and Extra Ordinary General Meeting:

Year	Location	Date	Time
2013-14 (AGM) (12 Months)	Registered Office	25.09.2014	9.30 A.M.
EOGM	Registered Office	20.05.2013	9.30 A.M.
2012-13 (AGM) (12 Months)	Registered Office	18.09.2013	9.30 A.M.
2011-12 (AGM) (12 Months)	Registered Office	26.09.2012	9.30 A.M.

## 2. Whether any special resolution passed in the previous 3 AGMs and EOGM : Yes



## **REPORT ON CORPORATE GOVERNANCE (Contd.)**

### **3. Whether special resolutions:**

- |  |      |
|--|------|
| a) (i) Were put through postal ballot last year  | : No |
| (ii) Details of voting pattern   | : NA |
| (iii) Person who conducted the postal ballot exercise                                      | : NA |
| b) (i) Are any Special Resolution proposed to be conducted through postal ballot this year | : No |
| (ii) Procedure for postal ballot   | : NA |

Shareholders are furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meetings.

### **10. Code of Conduct**

The Code of Conduct (hereinafter referred to as 'Code') is applicable to all its Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel had affirmed compliance with the Code during the year and no violation of the same was reported. A declaration to the effect that all Board Members and Senior Management Personnel have complied with the Code during the financial year 2014-15, duly signed by Managing Director of the Company is herein below enclosed. The Code has also been posted on the Company's Web-site.

#### **Affirmation of Compliance with the Code of Conduct for Board Members and Senior Management Personnel.**

I, Anil Sureka, Managing Director of Balasore Alloys Limited, hereby declare that the Company has received affirmation of compliance with the 'Code of Conduct for Board members and Senior Management Personnel' laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31st March, 2015.

**Anil Sureka**  
Managing Director  
Din No.: 00058228

27th May, 2015

### **11. Subsidiaries**

The Company does not have any material non-listed Indian subsidiary company. Therefore the provisions relating to material non-listed Indian subsidiary whose turnover or networth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year, does not apply.

### **12. Disclosures**

- The particulars of transactions between the Company and its related parties as required by Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India are set out in point 36 of Notes to financial statements as at and for the year ended March 31, 2015 of the Annual Report.
- The policy on material related party transactions, and on dealing with related parties and a statement on such policy has been uploaded on the Company's website [www.balasorealloys.com](http://www.balasorealloys.com)
- In preparation of financial statement, the Company has followed the applicable Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the annexure to the Notes to the Accounts.
- The Company has formulated and implemented an Enterprise Risk Management framework for risk assessment and mitigation procedures which is an ongoing process within the Company. In this connection, Risk Management Committee of the Board was constituted and assigned with the task, *inter-alia*, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk. These risk management procedures are periodically reviewed by the Board of Directors with a view to strengthen the risk management framework.



- e. The Company has allotted 66,00,000 Equity Shares on preferential basis to its Promoter Group Companies on 16.04.2014 pursuant to conversion of equivalent number of Warrants.
- f. Pursuant to Corporate Debt Restructuring (CDR) mechanism, the Company has allotted 46,85,720 11% Non Convertible Debentures (NCDs) of Rs. 100/- each to the following Consortium Bankers of the Company:

Sl. No.	Name of Banks	No. of NCDs	Amount (Rs.)
1	State Bank of India	39,94,580	39,94,58,000
2	State Bank of Hyderabad	4,98,940	4,98,94,000
3	Allahabad Bank	1,92,200	1,92,20,000
	<b>Total</b>	<b>46,85,720</b>	<b>46,85,72,000</b>

- g. During the last three years, there were no strictures or penalties imposed on the Company either by SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to capital market.
- h. Whistle Blower / Vigil mechanism has been adopted by the Company w.e.f 20.05.2014.
- i. The Management Discussion and Analysis Report is a part of the Annual Report.

#### **Management discussion and analysis report**

The Company's annual report has a separate section for detailed Management Discussion and Analysis.

#### **13. Adoption of Mandatory and Non-mandatory requirements under Clause 49 of the Listing Agreement**

The Company has adopted and complied with all the mandatory requirements under Clause 49 of the Listing Agreement and there is no case of violation or infringement of the same during the period. As on the date of this report, the Company has adopted non-mandatory requirements under Clause 49 of the Listing Agreement to the extent relating to setting up of Nomination & Remuneration Committee and establishment of the Whistle Blower / Vigil Mechanism.

#### **14. Reconciliation of Share Capital Audit.**

A qualified practicing Company Secretary carried out Reconciliation of Share Capital Audit 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. 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 dematerialised shares held in electronic mode with NSDL and CDSL.

#### **15. Means of communication**

Half yearly report sent to each household of shareholders	Not required.
Quarterly results – Which newspapers normally published.	Financial Express / Economic Times / Business Standard (in English) Sambad / Samaja (Oriya version)
Web sites where quarterly results are displayed.	www.balasorealloys.com
Whether it also displays official news releases.	Yes
Whether Management Discussion & Analysis is a part of Annual Report	Yes



# BALASORE ALLOYS LIMITED

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 16. GENERAL SHAREHOLDERS' INFORMATION

<b>1</b>	<b>Annual General Meeting</b>	
	Day, Date & Time Venue	Tuesday, 29th September, 2015 at 9.30 A.M. Registered Office at Balgopalpur – 756 020 Balasore, Odisha, India
<b>2</b>	<b>Tentative Financial Calendar 2015-16</b> Financial Reporting for the quarter ending June 30, 2015. Financial Reporting for the quarter ending September 30, 2015 Financial Reporting for the quarter ending December 31, 2015 Financial Reporting for the quarter ending March 31, 2016 Annual General Meeting for the year ending March 31, 2016	By 14th day of August, 2015 By 14th day of November, 2015 By 14th day of February, 2015 By 30th day of May, 2016 By September, 2016
<b>3</b>	<b>Book Closure Date</b>	23rd September, 2015 to 29th September, 2015. (both days inclusive)
<b>4</b>	<b>Dividend Payment Date</b>	The Dividend warrants will be posted on and from 3rd October, 2015.
<b>5</b>	<b>Registered Office</b>	Balgopalpur – 756 020, Balasore, Odisha
<b>6</b>	<b>Listing on Stock Exchanges</b>	i) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  ii) The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata – 700 001
Note: Annual Listing Fees for Financial Year 2015-16 has been paid to the BSE Limited and the Calcutta Stock Exchange Limited.		
<b>7</b>	<b>Stock Market information:</b>	
	<b>(i) Stock Code:</b> BSE Limited The Calcutta Stock Exchange Ltd. ISIN No. for Fully Paid-up Equity Shares	: 513142 : 10019059 : INE135A01024
	<b>(ii) Market Price</b>	Share Price data on BSE BSE Sensex
	Months	High (Rs) Low (Rs) High Low
	April, 2014	15.80 12.90 22,939.31 22,197.51
	May, 2014	26.60 13.10 25,375.63 22,277.04
	June, 2014	26.05 21.00 25,725.12 24,270.20
	July, 2014	25.75 20.90 26,300.17 24,892.00
	August, 2014	23.80 17.45 26,674.38 25,232.82
	September, 2014	27.90 19.40 27,354.99 26,220.49
	October, 2014	22.80 19.50 27,894.32 25,910.77
	November, 2014	23.90 19.35 28,822.37 27,739.56
	December, 2014	24.90 19.20 28,809.64 26,469.42
	January, 2014	21.75 17.70 29,844.16 26,776.12
	February, 2015	18.75 13.65 29,560.32 28,044.49
	March, 2015	16.85 12.50 30,024.74 27,248.45


**REPORT ON CORPORATE GOVERNANCE (Contd.)**

	<p style="text-align: center;"><b>BAL share price movement vs BSE Sensex Apr'14 - Mar'15</b></p> <table><caption>BAL share price movement vs BSE Sensex Apr'14 - Mar'15</caption><tr><th>Month</th><th>BAL High (Rs.)</th><th>BSE Sensex High</th></tr><tr><td>Apr-14</td><td>16.50</td><td>22,455.23</td></tr><tr><td>May-14</td><td>26.50</td><td>24,000.00</td></tr><tr><td>Jun-14</td><td>26.00</td><td>24,500.00</td></tr><tr><td>Jul-14</td><td>25.50</td><td>25,000.00</td></tr><tr><td>Aug-14</td><td>24.00</td><td>25,500.00</td></tr><tr><td>Sep-14</td><td>27.90</td><td>26,000.00</td></tr><tr><td>Oct-14</td><td>23.00</td><td>26,500.00</td></tr><tr><td>Nov-14</td><td>24.00</td><td>27,000.00</td></tr><tr><td>Dec-14</td><td>25.00</td><td>27,500.00</td></tr><tr><td>Jan-15</td><td>22.00</td><td>28,000.00</td></tr><tr><td>Feb-15</td><td>19.00</td><td>28,500.00</td></tr><tr><td>Mar-15</td><td>17.50</td><td>27,957.49</td></tr></table>		Month	BAL High (Rs.)	BSE Sensex High	Apr-14	16.50	22,455.23	May-14	26.50	24,000.00	Jun-14	26.00	24,500.00	Jul-14	25.50	25,000.00	Aug-14	24.00	25,500.00	Sep-14	27.90	26,000.00	Oct-14	23.00	26,500.00	Nov-14	24.00	27,000.00	Dec-14	25.00	27,500.00	Jan-15	22.00	28,000.00	Feb-15	19.00	28,500.00	Mar-15	17.50	27,957.49
Month	BAL High (Rs.)	BSE Sensex High																																							
Apr-14	16.50	22,455.23																																							
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Nov-14	24.00	27,000.00																																							
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Jan-15	22.00	28,000.00																																							
Feb-15	19.00	28,500.00																																							
Mar-15	17.50	27,957.49																																							
8	<p><b>Share Price Performance in comparison to BSE Sensex opened.</b></p> <p>The BSE Sensex open on 1st April, 2014 at 22,455.23 and on 31st March, 2015, the Sensex closed at 27,957.49. The market price of the shares of the Company on the BSE has varied from Rs. 12.50 to Rs. 27.90 during the period under review.</p>																																								
9	<p><b>Depository Connectivity</b></p>	<p><b>National Securities Depository Limited Central Depository Services (India) Ltd.</b></p>																																							
10	<p><b>Registrars &amp; Transfer Agent:</b> (Share transfer and communication regarding share certificates, Dividends &amp; change of Addresses)</p>	<p>MCS Share Transfer Agent Limited, Unit: Balasore Alloys Limited 12/1/5, Manoharpukur Road, Ground Floor, Kolkata - 700 026, India Ph. Nos. +91 33 4072 4051 / 4052 / 4053 Fax Nos. +91 33 4072 4050 E-mail: mcssta@rediffmail.com (Registered with SEBI as Share Transfer Agent – Category I)</p>																																							
11	<p><b>Share Transfer System:</b></p> <p>The physical shares received for transfer are processed and the same is registered in the name of transferee, if case is not of bad delivery or incomplete documents. In order to expedite the process of transfer of Shares, the Company, for effecting transfers, has authorized M/s MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent, who attend to share transfer formalities thrice in a month. Those who are desirous of holding their shares in the Company in dematerialized form have to approach their respective Depository Participant for dematerialization of their shares.</p>																																								
12	<p><b>Investor Grievance Redressal System:</b></p> <p>The Investor grievances / shareholders complaints are handled by the Company's Registrars and Share Transfer Agent M/s MCS Share Transfer Agent Limited, Kolkata, in consultation with the Secretarial department of the Company. The Registrar has adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances.</p>																																								


**REPORT ON CORPORATE GOVERNANCE (Contd.)**

	Periodical review meetings are held between the officials of the Registrar and Share Transfer Agent and the Company to discuss the various issues relating to share transfer and other allied matters, dematerialization of shares, Investor complaints, etc.				
13	<b>Compliance Certificate of the Auditors:</b>  The Statutory Auditors' certificate, that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the Report on Corporate Governance.				
14	<b>a) Distribution of Shareholding as at 31st March, 2015</b>				
	Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Capital
	1 to 500	123404	96.82	11314044	15.96
	501 to 1000	2218	1.74	1632424	2.30
	1001 to 2000	831	0.65	1211713	1.71
	2001 to 3000	318	0.25	788869	1.11
	3001 to 4000	36	0.03	130502	0.18
	4001 to 5000	39	0.03	182230	0.26
	5001 to 10000	284	0.22	2243883	3.17
	10001 to 50000	255	0.20	5776512	8.15
	50001 to 100000	38	0.03	2732369	3.85
	100001 and above	35	0.03	44877865	63.31
	<b>Total</b>	<b>127458</b>	<b>100.00</b>	<b>70890411</b>	<b>100.00</b>
	<b>b) Categories of Shareholders as on 31st March, 2015</b>				
	Category		No. of Shares held		% of Total Shareholding
	Promoter Group		36535816		51.54
	Mutual Funds / UTI		13600		0.02
	Financial Institution / Banks		591073		0.83
	NRIs / OCBs / Foreign Institutional Investors / Other Foreign Shareholders (Other than Promoter Group)		2854816		4.03
	Bodies Corporate		6898189		9.73
	Indian Public		23995933		33.85
	Others		984		0.00
	GRAND TOTAL		70890411		100.00
	Approximately 85.70 % of the Equity shares have been dematerialized as on 31st March, 2015. Trading in Equity Shares of the company is permitted only in dematerialized form with effect from 26.06.2000 as per notification issued by the Securities and Exchange Board of India in this regard.				
15	<b>Plant Location:</b>		Balgopalpur Balasore – 756 020 Odisha		
	<b>Mines Location:</b>				
	<b>1. Chrome Ore Mine</b>		● Sukinda Valley, Dist. Jajpur (Odisha)		
	<b>2. Manganese Ore Mine</b>		● Joda, Dist Keonjhar (Odisha) ● Hathoda, Dist. Balaghat (M.P.)		
	<b>3. Quartz &amp; Quartzite Mine</b>		● Village: Baghjumpa Subdivision: Mayurbhanj District : Mayurbhanj, (Odisha)		

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

<b>16</b>	Address for Investor Correspondence	
	<b>16.1</b> Registrar and Transfer Agent	MCS Share Transfer Agent Limited, Unit :Balasore Alloys Limited 12/1/5, Manoharpukur Road, Ground Floor, Kolkata - 700 026, India Ph.Nos.+9133 4072 4051 / 4052 / 4053 Fax Nos+91 33 4072 4050 E-mail: mcssta@rediffmail.com
	<b>16.2</b> Company's Address.	The VP & Company Secretary Balasore Alloys Limited Balgopalpur – 756 020 Dt. Balasore, Odisha. Ph. Nos.: +91 6782 275781-85 Fax Nos. +91 6782 275724 E-Mail: mail@balasorealloys.com investorshelpline@balasorealloys.com Website: www.balasorealloys.com
<b>Note:</b> Shareholders holding shares in dematerialized form should address all correspondence to their respective depository participants.		

**17 Shareholder Reference****Dematerialise your shares**

All the investors are requested to convert their physical share into demat holdings. This will facilitate the immediate transfer of shares, no need of paying any stamp duty on transfer of shares and risks associated with physical share certificates such as forged transfer, fake certificates and bad deliveries are avoided.

**Consolidate Multiple Folios**

The Investors having multiple folios are advised to consolidate the same. This would result in the one-stop tracking of all corporate benefits on the shares and would reduce time and effort required to monitor multiple folios.

**Nomination**

Shareholders holding shares in physical form and desirous of submitting / changing nomination in respect of their shareholding in the company may submit Form SH - 13 (in duplicate) as per the provisions of section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's Registrars & Transfer Agent. This would help the successors to get the shares transmitted in their favour without any hassle.

**Confidentiality**

Folio no., DP and ID no., as the case may be, should not be disclosed to and blank signed transfer form should not be given to any unknown persons.

**General Points While Writing to Company or Registrar and Transfer Agent**

While writing to the Company and / or Registrar and Transfer Agent, investor should mentioned their Folio no., DP ID no., full name, address in the letter and sign the same. Signature should be as per the company's record. In case of joint holders, all the joint holders should sign the documents and in case of transfer, the transfer form accompanied with original share certificates should be delivered to the Registrar and Transfer Agent. Shareholders are requested to also mention their telephone no. and / or e-mail ID, if any, in the correspondence for speedy and immediate communication.

**Permanent Account Number (PAN)**

SEBI has clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form of listed companies, it is mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTAs for registration of such transfer of shares.

Accordingly all shareholders are requested to submit duly attested photocopy (both side) of their PAN card along with duly executed transfer form to facilitate the speedy transfer of shares.

Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participants with whom they maintain their account along with the documents as required by them.





## **BALASORE ALLOYS LIMITED**

### **REPORT ON CORPORATE GOVERNANCE (Contd.)**

#### **CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)**

The Board of Directors  
Balasore Alloys Limited  
Park Plaza, 1st Floor  
71, Park Street  
Kolkata - 700 016

27th May, 2015

We, Anil Sureka, Managing Director and R. K. Parakh, Chief Financial Officer of Balasore Alloys Limited, together certify to the Board that we have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March, 2015 and to the best of our knowledge and belief, we certify that –

1. The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are no transactions entered into by the Company during the financial year ended 31st March, 2015, which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Auditor and we have evaluated the effectiveness of the internal control systems of the Company based on feedbacks received from the Company's Internal Auditor and accordingly state that there are no deficiencies in the design or operation of the internal controls, of which we are aware of;
5. There have been no significant changes in internal controls during the year, nor has there been any significant changes in the Accounting policies during the financial year ended 31st March, 2015 which requires to be disclosed in the notes to the financial statements;
6. There have been no instances of frauds, of which we are aware of, for the financial year ended 31st March, 2015.

**R.K. Parakh**  
Chief Financial Officer  
DIN No.: 00459699

**Anil Sureka**  
Managing Director  
DIN No.: 00058228



## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To**  
**The Members of Balasore Alloys Limited**

We have examined the compliance of conditions of Corporate Governance by BALASORE ALLOYS LIMITED ("the Company"), for the year ended on 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

**For Chaturvedi & Shah**  
Chartered Accountants  
(Firm Registration Number : 101720W)

**Amit Chaturvedi**  
Partner  
Membership No. 103141

Place : Kolkata  
Date : 27th May, 2015



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BALASORE ALLOYS LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **BALASORE ALLOYS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 the 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 the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 32 to the financial statements regarding demand by North Eastern Electricity Supply Company of Orissa Limited (NESCO) towards revocation of the waiver of dues granted under a settlement in earlier years.

North Eastern Electricity Supply Company of Orissa Limited (NESCO) has raised total claim for Rs. 16,699.05 Lacs as at 31st March, 2015 (Rs. 15,769.65 Lacs as at 31st March, 2014) (including delayed payment surcharge) towards revocation of the waiver of dues granted under a settlement in an earlier year net of Rs 3,400 lacs already paid and provided in respective year of payment as a matter of prudence by the Company. The matter of revocation of settlement is pending with Honorable High Court of Orissa. Pending outcome of the court decision and based on discussion with Company's legal counsel, no provision has been made towards above demand.

Our Opinion is not qualified in respect of the same.



**Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of 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 appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) There are no observations and comments on the financial transactions accounted during the year by the company or matters which have any adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of section 164(2) of the Act.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 26 and Note 29 to 32 to the financial statements.
    - ii. The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the investor Education and Protection fund by the Company.

**For Chaturvedi & Shah**

*Chartered Accountants*

Firm registration number: 101720W

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : May 27, 2015

**Annexure to Independent Auditors' Report  
Referred to in Paragraph 1 under the heading of "report on other legal and  
regulatory requirements" of our report of even date**

- i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner as per regular program of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- ii) In respect of its inventories:
  - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.



## BALASORE ALLOYS LIMITED

- iii) In respect of the loans, secured or unsecured, the Company has granted interest bearing loan to one company covered in the register maintained under Section 189 of the Act. In respect of the said loan Maximum amount outstanding at any time during the year and year-end balance is Rs 1,917 Lacs.
- a) The Principal and Interest amount will be paid as per the terms stipulated.
- e) In respect of the said loan, there are no overdue amounts at the end of the year.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub-section (1) of section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, and any other statutory dues have been regularly deposited with the appropriate authorities except Income-Tax, service tax and excise duty. According to the information and explanations given to us undisputed amounts, in respect of the Statutory dues referred above outstanding as at 31st March 2015, for a period of more than six months from the date they became payable are as under:

Nature of Dues	Amount (Rs in Lacs)	Period to which amount Relates
Income Tax	1,940.05	AY 2014-15
Income Tax(Advance Tax)	862.95	AY 2015-16
<b>Total</b>	<b>2,803.00</b>	

- b) The disputed statutory dues aggregating Rs 1,471.12 Lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sl. No.	Name of the statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax (including interest)	31.84	2012-13	Commissioner of Income Tax (Appeal)
2.	Central Sales Tax Act, 1956 and Orissa Sales Tax Act	Sales Tax/VAT (including interest and Penalty)	10.97	1996-97	Orissa High Court, Cuttack
			70.92	1997-98	Sales Tax Appellate Tribunal
			2.89	1994-97 & 2011-12	Additional Commissioner
			437.97	2007-2009 & 2010-2013	Orissa High Court, Cuttack



Sl. No.	Name of the statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
3.	Entry Tax Act, 1999	Entry Tax	98.86	2009-10 & 2011-12	Additional Commissioner
			92.96	2007-2009 & 2010-2013	Orissa High Court, Cuttack
4.	Central Excise Act, 1944	Excise Duty (including interest)	43.56	2010-2013	Commissioner Appeals
			7.89	2011-12	Commissioner Appeals
5.	Chapter V of Finance Act, 1994	Service Tax	6.80	2005-2007	Orissa High Court , Cuttack
			666.46	1996-1998 & 2004-2012	Central Excise & Service Tax Appellate Tribunal
	<b>Total</b>		<b>1,471.12</b>		

- c. There were no amounts which were required to be transferred to the Investor Education and protection fund in accordance with the relevant provision of the Companies Act 1956 and rules made thereunder.
- viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year.
- ix) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks and debenture holders. The Company has not borrowed any funds from financial institutions during the year under audit.
- x) According to information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (x) of paragraph 3 of the Order are not applicable to the Company.
- xi) The term loans were applied for the purpose for which the loans were raised.
- xii) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Chaturvedi & Shah***Chartered Accountants*

Firm registration number: 101720W

**Amit Chaturvedi***Partner*

Membership No. 103141

Place : Kolkata

Date : May 27, 2015

**BALASORE ALLOYS LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2015**

			(Rs in Lacs)
		As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>		
<b>Shareholders' funds</b>			
a. Share capital	3	<b>3,696.38</b>	3,366.38
b. Reserves and surplus	4	<b>86,195.77</b>	88,337.00
c. Money Received Against Equity Share Warrants	3	-	264.00
<b>Sub-total Shareholders' funds</b>		<b>89,892.15</b>	91,967.38
<b>Non-current liabilities</b>			
a. Long-term borrowings	5	<b>3,828.20</b>	19,806.46
b. Deferred tax liabilities (net)	6	<b>1,040.06</b>	1,639.70
c. Long-term provisions	7	<b>1,084.98</b>	781.74
<b>Sub-total Non-current liabilities</b>		<b>5,953.24</b>	22,227.90
<b>Current liabilities</b>			
a. Short-term borrowings	8	<b>5,864.28</b>	6,272.86
b. Trade payables	9	<b>22,113.59</b>	18,282.50
c. Current Maturities of Long-term borrowings	5	<b>1,894.12</b>	3,134.45
d. Other current liabilities	10	<b>5,652.34</b>	6,556.74
e. Short-term provisions	7	<b>4,541.51</b>	2,663.01
<b>Sub-total Current liabilities</b>		<b>40,065.84</b>	36,909.56
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>135,911.23</b>	151,104.84
<b>ASSETS</b>			
<b>Non-current assets</b>			
a. Fixed assets			
Tangible assets	11	<b>91,878.38</b>	93,300.50
Intangible assets	11	<b>1,563.74</b>	1,542.93
Capital work-in-progress	11	<b>7,269.22</b>	7,793.03
b. Non-current investments	12	<b>3,402.48</b>	3,767.48
c. Long-term loans and advances	13	<b>5,697.97</b>	22,632.59
d. Other non-current assets	14	-	155.00
<b>Sub-total - Non-current assets</b>		<b>109,811.79</b>	129,191.54
<b>Current assets</b>			
a. Inventories	16	<b>12,648.09</b>	9,808.92
b. Trade receivables	15	<b>1,509.74</b>	1,271.84
c. Cash and bank balances	17	<b>776.05</b>	574.69
d. Short-term loans and advances	13	<b>10,489.62</b>	9,803.27
e. Other current assets	14	<b>675.94</b>	454.58
<b>Sub-total - Current assets</b>		<b>26,099.44</b>	21,913.30
<b>TOTAL - ASSETS</b>		<b>135,911.23</b>	151,104.84
Summary of significant accounting policies	2		
Notes on Financial Statements	3-45		

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

As per our report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka  
(Managing Director)  
DIN No.- 00058228

R K Parakh  
(Director - Finance)  
DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024



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

			(Rs in Lacs)
	<b>Notes</b>	<b>2014-15</b>	<b>2013-14</b>
<b>INCOME</b>			
Revenue from operations (gross)	18	<b>87,938.46</b>	81,191.91
Less: Excise duty		<b>3,152.99</b>	2,931.16
<b>Revenue from operations (net)</b>		<b>84,785.47</b>	78,260.75
Other income	19	<b>3,380.90</b>	867.96
<b>Total revenue (I)</b>		<b>88,166.37</b>	79,128.71
<b>EXPENSES</b>			
Cost of raw materials consumed	20	<b>27,323.31</b>	23,231.78
(Increase)/ decrease in inventories	21	<b>22.54</b>	474.24
Power		<b>23,274.99</b>	21,814.65
Employee benefits expenses	22	<b>6,199.93</b>	5,034.94
Other expenses	23	<b>17,151.60</b>	15,438.48
<b>Total (II)</b>		<b>73,972.37</b>	65,994.09
<b>Profit before finance costs, tax, depreciation &amp; amortization (I) - (II)</b>		<b>14,194.00</b>	13,134.62
Depreciation & amortization expenses	24	<b>2,106.38</b>	1,884.54
Finance costs	25	<b>3,415.95</b>	3,845.60
Profit before exceptional item & tax		<b>8,671.67</b>	7,404.48
Exceptional Item (Ref Note 43)		<b>4,367.31</b>	—
<b>Profit before taxes (III)</b>		<b>4,304.36</b>	7,404.48
<b>Tax expenses</b>			
Current tax		<b>2,148.89</b>	2,425.31
Deferred tax Charge		<b>(544.51)</b>	244.43
Taxation expenses of earlier years		<b>(224.11)</b>	134.45
<b>Total tax expenses (IV)</b>		<b>1,380.27</b>	2,804.19
<b>Profit for the year [(III) – (IV)]</b>		<b>2,924.09</b>	4,600.29
Earnings per equity share [nominal value of share Rs. 5/-]			
Basic EPS (Rs)		<b>4.14</b>	7.16
Diluted EPS (Rs)		<b>4.14</b>	6.61
Summary of significant accounting policies	2		
Notes on Financial Statements	3-45		

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

As per our report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

*Chartered Accountants*

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka  
(Managing Director)  
DIN No.- 00058228

R K Parakh  
(Director - Finance)  
DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024



# BALASORE ALLOYS LIMITED

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

(Rs in Lacs)

A. CASH FLOW FROM OPERATING ACTIVITIES:	Notes	2014-15	2013-14
<b>Profit before tax</b>		<b>4,304.36</b>	7,404.48
Adjustment to reconcile profit before tax to cash generated by operating activities			
Depreciation/Amortisation Expenses		2,106.38	1,884.54
Profit on sale/discard of Fixed Assets (Net)		(486.37)	0.14
Unrealized foreign exchange loss		(1.09)	(132.39)
Unspent Liabilities no longer required written back		(1,006.80)	(369.41)
Loss on sale of Investment		490.00	(48.98)
Irrecoverable debts, deposits & Advances written off		212.91	1,394.40
Provision for doubtful debts/advances		244.94	500.00
Interest Expense		2,923.20	3,806.18
Interest Income		(479.54)	(410.29)
<b>Operating profit before working capital changes</b>			
Movements in working capital :			
Increase/ (Decrease) in trade payables and other current liabilities		4,455.77	2,841.05
Increase/ (decrease) in provisions		199.11	186.94
Decrease / (increase) in trade receivables		(263.57)	(552.80)
Decrease / (increase) in inventories		(2,839.17)	142.44
Decrease / (Increase) loans and advances and other assets		(3,267.33)	(5,272.46)
Cash generated from / (used in) operations		6,592.80	11,373.86
Taxes paid (Net)		(2.77)	(1,874.83)
<b>Net cash flow from operating activities (A)</b>		<b>6,590.03</b>	9,499.03
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including CWIP and capital advances)		(6,328.21)	(5,275.00)
Refund of advance against strategic investment		19,875.00	—
Proceeds on Sale of investments		200.00	112.77
Purchase of Investment		(325.00)	—
Proceeds from sale of fixed assets		759.93	0.20
Maturity of/(investment in) Fixed Deposit		15.50	423.61
Interest received		119.35	580.00
<b>Net cash flow from/(used) in investing activities (B)</b>		<b>14,316.57</b>	(4,158.42)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		792.00	—
Proceeds from long-term borrowings		—	447.50
Repayment of long-term borrowings		(17,218.59)	(1,603.56)
Dividend paid on equity shares (including dividend distribution tax)		(481.23)	(373.60)
Net Movement in Short-term Borrowings		(418.44)	(43.12)
Interest paid		(3,518.49)	(3,696.09)
<b>Net cash flow (used) in financing activities (C)</b>		<b>(20,844.74)</b>	(5,268.88)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>61.86</b>	71.73
<b>Cash &amp; Cash equivalents as at the beginning of the year</b>		<b>129.68</b>	57.95
<b>Cash &amp; Cash equivalents as at the end of the year</b>		<b>191.54</b>	129.68
<b>Cash &amp; Cash equivalents as at the end of the year includes</b>			
Cash-on-hand		22.39	48.49
Balances with banks:			
On current accounts		109.04	37.48
On unpaid dividend account*		60.11	43.71
<b>Cash and cash equivalents at the end of the year (Ref Note 17)</b>		<b>191.54</b>	129.68

Summary of significant accounting policies

2

\* The Company can utilize these balance only towards settlement of the respective unpaid dividend.

The accompanying notes are an integral part of the Financial Statements.

As per our attached report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka

(Managing Director)

DIN No.- 00058228

R K Parakh

(Director - Finance)

DIN No.- 00459699

Trilochan Sharma

(Company Secretary)

Membership No- FCS 6024

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015****1. Corporate information**

Balasore Alloys Limited (the Company) is a public company domiciled in India and incorporated in 1984 under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and The Calcutta Stock Exchange Limited. The Company have its registered office and manufacturing facility at Balasore, Odisha

The Company is primarily engaged in raising of Chrome Ore from its captive mines located in Odisha and manufacturing and selling of Ferro Chrome of various grades.

**2. Summary of significant accounting policies****(a) Basis of preparation of Financial Statements**

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention, except for certain Fixed Assets which are carried at revalued amounts and insurance & other claims/refunds, which due to uncertainty in realization, are accounted for on actual receipt basis. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lacs.

**(b) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

**(c) Tangible fixed assets**

Tangible fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is transferred to the revaluation reserve.

Insurance spares which can be used only in connection with an item of tangible fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately under Other Current Assets.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Expenditure of cost of exploration, Net Present Value of Forest Restoration, developing ore bodies and to expand the capacity of mine is capitalized as Mine Development Cost under Intangible Asset.

Computer software not being part of the hardware operating system are capitalized as intangible asset.



**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

**(e) Depreciation/Amortization**

**Tangible Assets**

Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 over their useful life except in respect of leasehold land which is amortized on a straight line basis over the period of lease.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation reserve.

**Intangible Assets**

Mining lease and mines development expenditure are amortized over the balance period of mining leases on straight line basis.

Computer software is amortized over a period of three years on straight line basis.

**(f) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(g) Impairment**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(h) Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category-wise. Non Current investments are stated at cost. Provision for diminution in the value of Non Current investments is made only if such a decline is other than temporary.

**(i) Inventories**

Raw materials, Stores, spares & consumables are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis. Royalty on stock lying at mines is accounted on dispatch of materials.

Work in Progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on weighted average basis.

Obsolete/damaged stores, saleable dust and saleable scrap are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The recovery of ferro chrome from slag generated at the plant during the manufacturing operations is accounted for on actual ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****(j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized :

*Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

*Export Benefits*

Export benefits are recognized on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time.

*Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**(k) Foreign Currency Translation****(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange differences**

Exchange differences arising on the settlement / or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or expenses in the period in which they arises.

**(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Losses on account Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

**(v) Derivative Instruments**

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 "The Effects of Changes in Foreign Exchange Rates") is done based on the "marked to market" on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the statement of profit and loss. Net gains are ignored as a matter of prudence.



**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

**(l) Employee Benefits**

*Short Term Employee Benefits*

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive and compensated absences.

**Post Employee Benefits**

*Defined Contribution Plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Superannuation Fund. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

*Defined Benefit Plans*

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss.

**(m) Income taxes**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**(n) Segment reporting**

*Identification of segments*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Allocation of common costs*

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated - Common".

*Unallocated items*

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**NOTES TO THE FINANCIAL STATEMENTS (contd.)***Segment accounting policies*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(o) Earnings Per Share**

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

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

**(p) Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

**(q) Cash and cash equivalents**

Cash and cash equivalents as indicated in the cash flow statement comprise cash on hand, cash at bank and short-term deposits (not pledged) with an original maturity of three months or less.

**(r) Lease**

**Operating Leases:** Leases other than finance lease, are operating leases, and the leased assets are not recognised on the Company's Balance Sheet. Payments under operating leases are recognised in the Profit and Loss Statement on a straight-line basis over the term of the lease.

**Finance Lease :** Assets acquired under finance leases are recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.



**NOTES TO THE FINANCIAL STATEMENTS (contd.)****3. Share capital**

	As at 31st March, 2015	(Rs in Lacs) As at 31st March, 2014
<b>Authorized shares</b>		
200,000,000 (200,000,000) equity shares of Rs.5/- each	<b>10,000.00</b>	10,000.00
<b>Issued and subscribed shares</b>		
73,934,263 (67,334,263) equity shares of Rs. 5/- each	<b>3,696.71</b>	3,366.71
<b>Paid-up shares</b>		
70,890,411 (64,290,411) equity shares of Rs. 5/- each fully paid up	<b>3,544.52</b>	3,214.52
Add: Shares forfeited	<b>151.86</b>	151.86
<b>Total</b>	<b>3,696.38</b>	3,366.38

**(a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year***Equity shares*

	As at 31st March, 2015		As at 31st March, 2014	
	No. in lacs	Rs. In lacs	No. in lacs	Rs. In lacs
At the beginning of the year	642.90	3,214.52	642.90	3,214.52
Issued during the year	66.00	330.00	—	—
<b>Outstanding at the end of the year</b>	<b>708.90</b>	<b>3,544.52</b>	642.90	3,214.52

**(b) Terms/ rights attached to equity shares**

- (i) The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% equity shares in the Company**

Name of the shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Numbers	% holding	Numbers	% holding
Goldline Tracom Private Limited	12,402,346	17.50%	12,402,346	19.29%
Navoday Highrise Private Limited	7,346,635	10.36%	—	—
Navoday Niketan Private Limited	4,953,215	6.99%	—	—
Ushaditya Trading Private Limited (Formerly Ushaditya Investments Private Limited)	—	—	7,392,500	11.50%
Navoday Exim Private Limited (Formerly Ispat Holdings Private Limited)	—	—	4,888,800	7.60%
Hypnos Fund Ltd.	—	—	3,495,369	5.44%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**4. Reserves and surplus**

	As at 31st March, 2015	(Rs in Lacs) As at 31st March, 2014
<b>Capital Reserve</b>		
Balance as per the last financial statements		
Capital Investment Subsidy (a)	41.96	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	490.00	490.00
<b>Revaluation Reserve</b>		
Balance as per the last financial statements	55,945.47	60,810.83
Less : Discard of revaluation asset	(446.76)	—
Less: Amount transferred to the statement of profit and loss as reduction from depreciation ( Refer note 24)	(4,679.23)	(4,865.36)
<b>Closing Balance (c)</b>	50,819.48	55,945.47
<b>Securities Premium Account</b>		
Balance as per the last financial statements	1,550.00	1,550.00
Add : On issue of Shares	726.00	—
<b>Closing Balance (d)</b>	2,276.00	1,550.00
<b>General Reserve</b>		
Balance as per the last financial statements	7,803.37	7,688.36
Add : Transfer from Profit and Loss Account	73.10	115.01
<b>Closing Balance (e)</b>	7,876.47	7,803.37
<b>Debenture Redemption Reserve</b>		
Balance as per the last financial statements	—	—
Add : Transfer from Profit and Loss Account	818.84	—
<b>Closing Balance (f)</b>	818.84	—
<b>Surplus in the Profit and Loss Account</b>		
Balance as per last financial Statements	22,506.20	18,472.22
Profit for the year	2,924.09	4,600.29
Less : Adjustment relating to Fixed assets (Refer Note no. 11.5)	107.07	—
	25,323.22	23,072.51
Less: Appropriations		
Transfer to General Reserve	(73.10)	(115.01)
Transfer to Debenture Redemption Reserve	(818.84)	—
Dividend Paid for Previous year	(39.60)	—
Tax on dividend	(6.73)	—
Proposed Dividend (Dividend Per Share Rs. 0.60 (Rs. 0.60)	(425.34)	(385.74)
Tax on dividend	(86.59)	(65.56)
	(1,450.20)	(566.31)
<b>Net surplus in the Profit and Loss Account (g)</b>	23,873.02	22,506.20
<b>Total Reserves and surplus (a to g)</b>	86,195.77	88,337.00

**5. Long-term borrowings**

	Non Current Position		Current maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>A) Secured</b>				
<b>Indian rupee loan from banks</b>				
Term Loans	—	—	—	1,746.57
Funded Interest Term Loans	—	—	—	1,254.58
<b>Total (i)</b>	—	—	—	3,001.15
Deferred Payment Credits	704.39	401.46	332.21	133.30
<b>Total (ii)</b>	704.39	401.46	332.21	133.30



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

(Rs in Lacs)

### 5. Long-term borrowings (Contd.)

	Non Current Position		Current maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>11% Redeemable Non-Convertible Debentures</b>				
<b>STATE BANK OF INDIA</b>	<b>2,663.05</b>	–	<b>1,331.53</b>	–
39,94,580 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>STATE BANK OF HYDERABAD</b>	<b>332.63</b>	–	<b>166.31</b>	–
4,98,940 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>ALLAHABAD BANK</b>	<b>128.13</b>	–	<b>64.07</b>	–
1,92,200 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>Total (iii)</b>	<b>3,123.81</b>	–	<b>1,561.91</b>	–
<b>Total Secured Borrowing (i+ii+iii)</b>	<b>3,828.20</b>	401.46	<b>1,894.12</b>	3,134.45
<b>B) Unsecured</b>				
Advance towards Promoter Contribution	–	19,405.00	–	–
<b>Total Unsecured Borrowing</b>	–	19,405.00	–	–
<b>Total (A + B)</b>	<b>3,828.20</b>	19,806.46	<b>1,894.12</b>	3,134.45

### 5.1 Indian rupee loan from banks

#### a) Maturity Profile

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
11% Redeemable Non-Convertible Debentures	1561.91	1561.91	1561.91	–	–

#### b) Nature of Security

Redeemable Non-Convertible Debentures referred above are secured by way of residual charge on assets (both movable and non-movable) of the company.

### Deferred Payment Credits

#### a) Maturity Profile

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Deferred Payment Credits	332.21	372.47	270.89	61.04	–

#### b) Nature of Security

Deferred Payment Credits are secured against hypothecation of assets purchased against such loans.


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**6. Deferred tax liabilities (net)**

(Rs in Lacs)

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Deferred tax liabilities</b>		
Timing difference on depreciable assets	<b>3,076.19</b>	2,901.92
<b>(A)</b>	<b>3,076.19</b>	2,901.92
<b>Deferred tax assets</b>		
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961	<b>1,785.41</b>	1,081.33
Other disallowance under Income Tax Act, 1961	<b>250.72</b>	180.89
<b>(B)</b>	<b>2,036.13</b>	1,262.22
<b>Net deferred tax liabilities (A-B)</b>	<b>1,040.06</b>	1,639.70

**7. Provisions**

(Rs in Lacs)

	<b>Non Current Provisions</b>		<b>Current Provisions</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Provision for employee benefits: (Ref Note 33)</b>				
Gratuity	<b>631.41</b>	452.59	<b>34.65</b>	27.23
Superannuation	—	—	<b>50.61</b>	174.25
Compensated absences	<b>403.57</b>	289.15	<b>35.35</b>	23.26
	<b>1,034.98</b>	741.74	<b>120.61</b>	224.74
<b>Other provisions for -</b>				
Taxation[ (net of advance income taxes/Tax deducted at source Rs. 3,151.15 lacs (Rs. 4,460.52 lacs)]	—	—	<b>3,908.97</b>	1,986.97
Site restoration	<b>50.00</b>	40.00	—	—
Proposed Dividend	—	—	<b>425.34</b>	385.74
Tax on dividend	—	—	<b>86.59</b>	65.56
	<b>50.00</b>	40.00	<b>4,420.90</b>	2,438.27
<b>Total</b>	<b>1,084.98</b>	781.74	<b>4,541.51</b>	2,663.01

7.1. As per the requirement of Accounting Standard – 29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts.

	<b>As at 31st March 2015</b>
At the beginning of the year	40.00
Arisen during the year	10.00
Utilized during the year	—
<b>At the end of the year</b>	<b>50.00</b>
Non-Current Portion	50.00



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 8. Short-term borrowings

(Rs in Lacs)

	As at 31st March 2015	As at 31st March 2014
<b>A) Secured Loans</b>		
<b>Working Capital Loan</b>		
<b>From Bank-</b>		
Rupee Loan	2,353.87	3,834.48
Foreign Currency Loan	2,790.41	1,081.57
<b>(A)</b>	<b>5,144.28</b>	<b>4,916.05</b>
<b>B) Unsecured Loans</b>		
Loans from Body Corporates	720.00	1,356.81
<b>(B)</b>	<b>720.00</b>	<b>1,356.81</b>
<b>Total</b>	<b>(A+B) 5,864.28</b>	<b>6,272.86</b>

- 8.1 Working capital loans from banks refer above are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by personnel guarantees issued/ to be issued by Mr Pramod Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited, Ispat Minerals Limited & Balasore Energy Limited. All the mortgages and charges created in favour of the Banks for Working Capital loans rank pari passu inter se.

### 9 Trade Payables

(Rs in Lacs)

	<b>Current position</b>	
	As at 31st March, 2015	As at 31st March, 2014
Acceptances	3,273.57	3,522.35
Micro and Small Enterprises	54.19	128.53
Creditor for goods, services etc (including retention money)	18,785.83	14,631.62
<b>Total</b>	<b>22,113.59</b>	<b>18,282.50</b>

- a) The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:

	<b>(Rs in Lacs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Principal amount due and remaining unpaid	54.19	128.53
Interest due on above and the unpaid interest	7.28	24.24
Interest paid	—	—
Payment made beyond the appointed day during the year	—	—
Interest due and payable for the period of delay	4.87	12.88
Interest accrued and remaining unpaid	4.87	12.88
Amount of further interest remaining due and payable in succeeding years	7.28	24.24

**NOTES TO THE FINANCIAL STATEMENTS** *(contd.)***10. Other Current liabilities**

		(Rs in Lacs)
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Interest accrued but not due on borrowings	<b>182.56</b>	0.14
Interest accrued and due on borrowings	<b>45.55</b>	65.46
Recompense payable to lenders under CDR	—	757.79
Advance from customers	<b>1,429.72</b>	284.90
Unpaid Dividend *	<b>60.11</b>	43.71
Creditors for Capital expenditure	<b>666.84</b>	608.16
Statutory Dues	<b>796.78</b>	506.01
Temporary Book Overdraft	—	1,050.74
Claims Payable	<b>696.96</b>	622.04
Other liabilities**	<b>1,773.82</b>	2,617.79
<b>Total</b>	<b>5,652.34</b>	6,556.74

\* These do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund

\*\* It includes Rs. 1,627.80 lacs (Rs. 2,205.70 lacs) payables against arrangement for procurement of raw materials.





**NOTES TO THE FINANCIAL STATEMENTS (contd.)****12. Non-current investments**

	<b>As at 31st March, 2015</b>	(Rs in Lacs) As at 31st March, 2014
<b>Trade investments</b> (valued at cost unless stated otherwise)		
<b>Unquoted equity shares</b>		
<b>Investment in subsidiary</b>		
47351 (47351) Equity Shares of USD 100 each fully paid-up in Milton Holdings Limited	<b>2,194.83</b>	2,194.83
1 (1) Equity Shares of USD 1 each fully paid-up in Balasore Metals Pte Limited [Full figure Rs 54 (Rs 54)]	—	—
<b>Investment in associate</b>		
17000 (17000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited	<b>1.70</b>	1.70
<b>Investment in Other</b>		
3000000 (Nil) equity shares of Rs 10 each fully paid-up in Facor Power Limited.	<b>300.00</b>	—
<b>Investment in government securities</b>		
6 years National Savings Certificates (Deposited with Government Departments)	<b>0.95</b>	0.95
<b>Non-trade investments</b> (valued at cost unless otherwise stated)		
<b>Investment in Other</b>		
<b>Unquoted equity shares</b>		
300000 (300000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	<b>30.00</b>	30.00
<b>Unquoted mutual funds</b>		
250000 (Nil) Dual Advantage Fund - Series units of Rs 10 each fully paid-up in SBI Mutual Fund	<b>25.00</b>	—
<b>Unquoted debentures</b>		
Nil (690000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited.	—	690.00
850000 (850000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	<b>850.00</b>	850.00
<b>Total</b>	<b>3,402.48</b>	<b>3,767.48</b>
a) Aggregate amount of Quoted investments	—	—
b) Aggregate amount of Unquoted investments	<b>3,402.48</b>	3,767.48


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**13. Loans and advances** (Unsecured, considered good unless stated otherwise ) (Rs in Lacs)

		<b>Non Current</b>		<b>Current</b>	
		<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Capital advances [including doubtful Rs 78.80 Lacs (Rs 78.80 Lacs)]		<b>1,078.84</b>	434.98	—	—
Provision for doubtful advances		<b>(78.80)</b>	(78.80)	—	—
	(A)	<b>1,000.04</b>	356.18	—	—
Advance against strategic investment	(B)	—	19,875.00	—	—
Advances recoverable in cash or kind					
Considered good - Others		—	—	<b>5,573.83</b>	4,940.09
Considered doubtful - Others		<b>496.02</b>	251.09	—	—
		<b>496.02</b>	251.09	<b>5,573.83</b>	4,940.09
Provision for doubtful advances		<b>(496.02)</b>	(251.09)	—	—
	(C)	—	—	<b>5,573.83</b>	4,940.09
Loans					
Body Corporates		—	—	<b>1,382.00</b>	1,382.00
Body Corporates - Related Parties (Refer Note 36)		<b>1,917.00</b>	—	—	—
Considered doubtful		<b>500.00</b>	500.00	—	—
Advance to Employees		—	—	<b>74.53</b>	89.34
		<b>2,417.00</b>	500.00	<b>1,456.53</b>	1,471.34
Provision for doubtful advances		<b>(500.00)</b>	(500.00)	—	—
	(D)	<b>1,917.00</b>	—	<b>1,456.53</b>	1,471.34
Security Deposits	(E)	<b>2,780.93</b>	2,401.41	<b>28.46</b>	40.17
Others (Considered Good)					
Balances with statutory / government authorities		—	—	<b>2,480.68</b>	1,992.23
Export benefits receivables		—	—	<b>804.84</b>	1,225.21
Others		—	—	<b>145.28</b>	134.22
Advance income-tax (net of provision for taxation)		—	—	—	—
	(F)	—	—	<b>3,430.80</b>	3,351.67
<b>Total</b>	(A to F)	<b>5,697.97</b>	22,632.59	<b>10,489.62</b>	9,803.27

**14. Other Assets** (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

		<b>Non Current</b>		<b>Current</b>	
		<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Non-current bank deposit (Note No. 17)		—	155.00	—	—
		—	155.00	—	—
<b>Others</b>					
Interest Receivable on					
Bank Deposits		—	—	<b>40.26</b>	61.77
Long-term investments		—	—	<b>414.24</b>	206.88
Loans, Other Deposits		—	—	<b>221.38</b>	183.55
Others		—	—	<b>0.06</b>	2.38
		—	—	<b>675.94</b>	454.58
<b>Total</b>		—	155.00	<b>675.94</b>	454.58


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**15. Trade receivables (Unsecured)**

(Rs in Lacs)

		<b>Non Current</b>		<b>Current</b>	
		<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>					
Considered good		—	—	<b>295.03</b>	157.54
Considered doubtful		—	—	—	—
		—	—	<b>295.03</b>	157.54
Provision for doubtful receivables		—	—	—	—
	<b>(A)</b>	—	—	<b>295.03</b>	157.54
Other receivables (considered good)	<b>(B)</b>	—	—	<b>1,214.71</b>	1,114.30
<b>Total</b>	<b>(A+B)</b>	—	—	<b>1,509.74</b>	<b>1,271.84</b>

**16. Inventories (valued at lower of cost and net realizable value)**

(Rs in Lacs)

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Raw materials and components [includes in transit and pledged Rs 2,148.98 Lacs (Rs 1,382.09 Lacs)]	<b>9,470.82</b>	6,780.35
Stores, Spares & Consumables	<b>1,839.62</b>	1,664.05
Finished goods	<b>661.88</b>	609.41
Stock under process	<b>445.96</b>	475.67
<u>At estimated net realisable value</u>		
Saleable Scraps	<b>229.81</b>	279.44
<b>Total</b>	<b>12,648.09</b>	<b>9,808.92</b>


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**17. Cash and bank balances**

(Rs in Lacs)

	<b>Non Current</b>		<b>Current</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	—	—	<b>109.04</b>	37.48
On unpaid dividend account	—	—	<b>60.11</b>	43.71
Cash in hand	—	—	<b>22.39</b>	48.49
<b>(A)</b>	<u>—</u>	<u>—</u>	<u><b>191.54</b></u>	<u>129.68</u>
<b>Other bank balances</b>				
Margin money deposit #	—	155.00	<b>584.51</b>	445.01
	—	155.00	<b>584.51</b>	445.01
Amount disclosed under non-current assets (Note no. 14)	<b>(B)</b>			
	—	(155.00)	—	—
<b>Total</b>	<b>(A+B)</b>	<u>—</u>	<u><b>776.05</b></u>	<u>574.69</u>

# Fixed deposits are pledged with banks as security against guarantees / letters of credit issued by them.

# Fixed deposits of Rs. 14.30 lacs (34.20 lacs) having maturity of less than three months.

		<b>(Rs in Lacs)</b>	
		<b>2014-15</b>	<b>2013-14</b>
<b>18. Revenue from operations</b>			
<b>Revenue from operations</b>			
Sale of products			
Finished goods		<b>84,165.71</b>	77,732.98
Saleable Scraps		<b>476.80</b>	239.85
Export Benefits		<b>3,052.76</b>	3,096.67
Other operating revenue			
Scrap sales		<b>243.19</b>	122.41
<b>Revenue from operations (gross)</b>		<b>87,938.46</b>	<b>81,191.91</b>
Less: Excise duty		<b>3,152.99</b>	2,931.16
<b>Total Revenue from operations (net)</b>		<u><b>84,785.47</b></u>	<u><b>78,260.75</b></u>


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

		(Rs in Lacs)
	<u>2014-15</u>	<u>2013-14</u>
<b>19. Other income</b>		
Interest income on		
Bank deposits	47.07	66.72
Long-term investments	184.80	184.80
Loan, advances, deposits etc	196.75	157.78
Others	50.92	0.99
Insurance Claims	10.02	22.28
Profit on sale of Raw Material	42.97	—
Profit on sale of fixed assets	682.52	—
Items pertaining to Previous Years (net)	0.57	-
Unspent liabilities no longer required written back	1,006.80	369.41
Profit on sale of investments (net)	—	48.98
Gain on Foreign Exchange Fluctuation (net)	1,143.90	—
Dividend	—	0.63
Others	14.58	16.37
<b>Total</b>	<b>3,380.90</b>	<b>867.96</b>
		(Rs in Lacs)
	<u>2014-15</u>	<u>2013-14</u>
<b>20 Cost of raw materials consumed</b>		
Inventory at the beginning of the year	6,780.35	6,873.69
Add: Purchases	30,013.78	23,123.24
	36,794.13	29,996.93
Less: Inventory at the end of the period	9,470.82	6,780.35
<b>Cost of raw materials consumed</b>	<b>27,323.31</b>	<b>23,231.78</b>
<b>a) Details of raw materials consumed</b>		
Chrome Ore (including own generation/briquetted)	13,315.37	9,751.38
Coal and Coke etc.	9,864.98	10,832.64
Carbon Paste	765.05	670.10
Quartz	697.79	569.33
Magnesite	406.24	196.59
Dolomite	319.42	428.73
Others (Including handling charges)	1,954.47	783.01
	<b>27,323.31</b>	<b>23,231.78</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****21. (Increase) / decrease in inventories**

(Rs in Lacs)

	<u>2014-15</u>	<u>2013-14</u>
<b>Inventories at the end of the year:</b>		
Stock under process	445.96	475.67
Finished goods	661.88	609.41
Saleable Scraps	237.61	279.44
	<u>1,345.45</u>	<u>1,364.52</u>
<b>Inventories at the beginning of the year:</b>		
Stock under process	475.67	337.30
Finished goods	609.41	1,272.70
Saleable Scraps	279.44	258.06
	<u>1,364.52</u>	<u>1,868.06</u>
Less: (Increase)/decrease of excise duty on inventories	(3.47)	29.30
<b>Total</b>	<u>22.54</u>	<u>474.24</u>

21.1 Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

**22. Employee benefits expense**

(Rs in Lacs)

	<u>2014-15</u>	<u>2013-14</u>
Salaries, wages and bonus	5,303.74	4,356.22
Contribution to provident and other funds	246.93	342.47
Gratuity expense	212.45	86.41
Staff welfare expenses	436.81	249.84
<b>Total</b>	<u>6,199.93</u>	<u>5,034.94</u>

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****23. Other Expenses**

	2014-15	(Rs in Lacs) 2013-14
Consumption of stores and spares	2,196.64	1,831.92
Contract Labour Charges	1,275.86	873.55
Packing and Carriage charges	4,182.54	2,722.60
Rent & Hire Charges	338.90	174.33
Rates and taxes	112.73	84.52
Insurance	93.53	65.68
Repairs and maintenance		
Plant and machinery	678.04	365.38
Buildings	88.25	98.26
Others	298.77	90.38
Commission on Sales & Purchase (other than sole selling agent)	363.55	636.06
Travelling and conveyance	2,069.47	1,552.49
Charity and Donations	17.61	32.19
Communication costs	178.90	127.85
Legal and professional fees	2,499.58	2,123.85
Directors' sitting fees	15.10	12.45
Auditors' Remuneration as auditor:		
Audit fee	30.00	25.00
Limited review fee	24.00	22.50
Tax audit fee	7.00	6.50
In Other Capacity for Certification	14.00	9.00
Reimbursement of Expenses to auditor	1.58	2.01
Items pertaining to Previous Years (net)	—	43.65
Loss on sale of investments	490.00	—
Corporate Social Responsibility Expenses *	114.11	67.28
Site Development Expenses	112.95	105.33
Loss on Foreign Exchange Fluctuation (net)	—	1,184.77
Bad debts / advances written off [(Net of adjustment of Rs Nil lacs (Rs 27.83 lacs) against provision)]	212.91	1,394.40
Provision for doubtful debts and advances	244.94	500.00
Loss on sale/Discard of fixed assets (net)	196.15	0.14
Miscellaneous expenses	1,294.49	1,286.39
<b>Total</b>	<b>17,151.60</b>	<b>15,438.48</b>

\* Out of CSR expenditure Rs. 114.11 lacs required to incurred under Section 135 of Companies Act, 2013, Company has incurred expenditure of Rs. 46.82 lacs during the year.

**24. Depreciation & amortization expense**

Depreciation of tangible assets	6,571.06	6,580.96
Amortization of intangible assets	214.55	168.94
	<b>6,785.61</b>	6,749.90
Less: Recoupment from Revaluation Reserve [refer note 4(c)]	<b>(4,679.23)</b>	(4,865.36)
	<b>2,106.38</b>	1,884.54

**25. Finance costs**

Interest		
— To Banks [Net of recoveries Rs 401.99 lacs (Rs 573.20 lacs)]	1,578.00	1,156.98
— To Others	1,345.21	2,375.73
Other borrowing cost	487.15	278.15
Exchange difference to the extent considered as an adjustment to borrowing costs	5.59	34.74
	<b>3,415.95</b>	3,845.60



**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

26. Contingent liabilities not provided for in respect of: (Rs in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
a) Sales tax matters under appeal {Amount paid under appeal Rs 65.31 lacs (Rs.21.31 lacs)}*	479.76	36.86
b) Entry tax matters {Amount paid under appeal Rs 34.88 lacs (Rs. 18.71 lacs)}*	219.46	117.57
c) Excise / Service tax matters {Amount paid under appeal Rs 23.14 lacs (Rs. 10.83 lacs)}*	1228.43	1200.79
d) Un-expired Bank Guarantees and Letters of Credit	863.01	636.89
e) Bills discounted with Banks	4,035.66	5,447.53

\* In respect of above cases based on favorable decisions in similar cases the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

**27. Capital and other commitment:**

Estimated amount of Capital commitments (Net of Advances) Rs 4,431.76 lacs (Rs 1684.81 lacs)

28. The Income-Tax Assessments of the Company have been completed up to Assessment Year 2012-13. The disputed demand for the assessment year 2012-13 is Rs.31.83 lacs. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
29. Deputy Director of Mines (DDM), Jajpur, Odisha issued a demand notice for Rs. 487.80 lacs towards payment of additional Royalty, as pointed out by Accountant General, for adopting wrong method of calculation of royalty by DDM for period December, 2009 to January, 2011. The company holds the view that the payment of royalty is correctly calculated and made. The Company has filed revision petition before revisional authority under section 30 of the MMDR Act, Challenging demand and the demand has been stayed by the authority. Based on the advise of external legal counsel, the company believes that demand being legally unjustifiable, company does not expect any liability in above matter.
30. Demand notices has been issued by Deputy Director of Mines, Jajpur road, Odisha amounting to Rs. 35,876.97 Lacs for the excess extraction over the quantity permitted under the mining plan/ scheme, environment clearance or consent to operate from SPCB, Odisha, during the period 2000-01 to 2007-08. The demand notices has been issued under Section 21(5) of the Mines & Minerals (Development and Regulations) Act (MMDR Act). However, the MMDR Act specifies that demand can be raised only when the land is occupied without lawful authority. The Company is of the view that Section 21(5) of the MMDR Act is not applicable as the mining is done under the approval of the State Government and accordingly the Company has filed revision application and has been granted the Stay by Revisionary authority, based on the advice of external legal counsel, the Company believes that demand being legally unjustifiable; the Company does not expect any liability in above matter.
31. Demand notice has been issued by State Trading Corporation of India (STC) amounting to Rs. 9,277 lacs towards the recovery of its alleged dues from the Company. The Company has not accepted the above liability and challenged the demand notice in the court. Further the Company has invoked the Arbitration clause mentioned in the agreement entered with STC. Presently, the matter is subjudice and pending before the court for final disposal. Out of abundant caution and prudence Company has accounted for but without admitting an amount of Rs.5,855 lacs towards the disputed liability as on 31st March 2015, based on the information provided for STC in public domain. Pending outcome of the court decision and based on discussion with external legal counsel, no further provision has been made towards above demand.
32. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and raised total claim for Rs 20,099.05 lacs (including delayed payment surcharge). The matter of revocation of settlement is pending with Honourable High Court of Orissa. The Company has paid & provided Rs 3,400 lacs in earlier years towards such claims and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court decision and based on discussion with Company's legal counsel, no further provision has been made towards above demand.

**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

33. As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	(Rs. in Lacs)	
	2014-15	2013-14
Employer's Contribution to Provident Fund	194.11	170.15
Employer's Contribution to Superannuation Fund	8.13	118.92

**Defined Benefit Plan**

The employee's gratuity funds scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan.

- (a) Expenses recognized in the statement of profit and loss for respective years are as follows:

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2014-15)	(2013-14)	(2014-15)	(2013-14)
Current service cost	87.14	71.53	55.17	38.01
Interest cost on benefit obligation	62.53	50.26	27.28	21.65
Expected return on plan assets	(19.59)	(15.68)	—	—
Net actuarial (Gain)/losses	82.38	(22.02)	87.34	26.92
<b>Net benefit expense</b>	<b>212.46</b>	<b>84.09</b>	<b>169.79</b>	<b>86.58</b>
Actual return on plan assets	19.59	17.84	—	—

- (b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Defined benefit obligation	892.86	698.58	438.92	342.02
Fair value of plan assets	226.80	218.76	—	—
Net liability	666.06	479.82	438.92	342.02

- (c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2014-15)	(2013-14)	(2014-15)	(2013-14)
Opening defined benefit obligation	698.58	621.74	324.02	287.41
Interest cost	62.53	50.26	27.28	21.65
Current service cost	87.14	71.53	55.17	38.01
Benefit paid	(37.77)	(25.09)	(54.89)	(49.97)
Actuarial (Gain)losses	82.38	(19.86)	87.34	26.92
<b>Closing defined benefit obligation</b>	<b>892.86</b>	<b>698.58</b>	<b>438.92</b>	<b>324.02</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

- (d) Changes in the fair value of plan assets during respective years are as follows:

Particulars	(Rs in Lacs)	
	Gratuity (Funded)	
	(2014-15)	(2013-14)
Opening fair value of plan assets	218.76	179.18
Expected return on plan assets	19.59	15.68
Contribution by the Company	26.22	46.83
Benefits paid	(37.77)	(25.09)
Actuarial (losses)/Gains	—	2.16
Closing fair value of plan assets	226.80	218.76

- (e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity plan assets as at	
	31st March, 2015	31st March, 2014
	100 %	100 %
Investments with insurer	100 %	100 %

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

- (f) Actuarial assumptions

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Mortality Table	7.81%	9.20%	7.81%	9.20%
Discount Rate (per annum)	10.00%	10.00%	10.00%	10.00%
Rate of escalation in salary (per annum)	9.20%	9.25%	Not Applicable	
Expected Return on Plan Assets (per annum)				

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

- (g) Amounts recognised in current year and previous four years

Particulars	(Rs in Lacs)				
	(2014-15)	(2013-14)	(2012-13)	(2011-12)	(2010-11)
Defined benefit obligation	892.86	698.58	621.74	525.51	507.97
Fair value of plan assets	226.80	218.76	179.18	277.94	181.98
Deficit	666.06	479.82	442.56	247.57	325.99
Experience adjustments on plan liabilities - (gains)/losses	(31.53)	(50.18)	129.13	(1.49)	0.83
Experience adjustments on plan assets - (gains)/losses	0	2.16	(3.32)	2.40	2.52

- (h) The Company expects to contribute Rs. 215 lacs (Rs. 100 lacs) to gratuity fund in the year 2015-2016

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****34. Segment Information****(a) Primary Segments:**

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is mainly engaged in the Manufacturing/Mining of Ferro Chrome. All activity of the company revolves around this main business. As such, there are no separate reportable segments as per the Accounting Standard 17 (Segment Reporting).

**(b) Secondary Geographical Segments**

	(Rs in Lacs)	
<b>Sales Revenue :-</b>	<b>2014-15</b>	<b>2013-14</b>
Domestic Revenues (Net of Excise Duty)	<b>22,247.66</b>	23,979.17
Overseas Revenues (Including Export Benefits)	<b>62,537.80</b>	54,281.58
<b>Total</b>	<b>84,785.46</b>	<b>78,260.75</b>

The Company has common fixed assets in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. The year-end balance of overseas trade receivables is Rs 1,224.33 lacs (Rs 1,066.39 lacs) & Domestic trade receivable is Rs.258.41 lacs (Rs. 205.45 lacs)

**35. Derivative Instruments & Un hedged foreign currency Exposure :****(i) For Hedging of Foreign Trade Receivable**

Nominal amounts of Forward contract entered into by the company and outstanding as on 31st March 2015 amounting to Rs. 12,500.00 lacs (Rs. 8,987.25Lacs)

**(ii) Foreign currency exposure that are not hedged by derivative instruments are as under : -**

<b>Sr. Particulars No.</b>	(Rs in Lacs)	
	<b>As at 31st March 2015</b>	<b>As at 31st March 2014</b>
(i) Loans and advances	<b>27.38</b>	0.79
(ii) Trade Payables	<b>2,765.36</b>	495.40
(iii) Short-term borrowings	<b>2,790.41</b>	1,081.57
(iv) Other current liabilities	<b>696.96</b>	665.67
(v) Cash and Bank Balances	<b>0.06</b>	6.09
(vi) Investments in Subsidiary Company	<b>2,194.83</b>	2,194.83

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****36. Related Party Disclosures**

As per accounting standard 18, the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Subsidiary Company	Milton Holdings Limited Balasore Metals Pte. Limited
Associate Company	Balasore Energy Limited
Key Management Personnel and their relative	Mr. Pramod Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. Anil Sureka (Managing Director) Mr R K Parakh (Whole-time Director) Mr Anshuman Bhanja ( Whole-time Director wef 7th Nov'14)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) Limited Dankuni Investment Limited Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd Ispat Profiles India Ltd

\* The parties stated above are related parties in the broader sense of the term and are included for making the financial statements more transparent.

**Transactions during the year with related parties:**

(Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
1	Loan Given	— —	— —	— —	<b>1,917.00</b> —	<b>1,917.00</b> —
2	Taken/(Repaid) Advances towards Promoter Contributions	— —	— —	— —	<b>(19,405.00)</b> —	<b>(19,405.00)</b> —
3	Sale of Finished Goods	— —	— —	— —	<b>88.50</b> 140.85	<b>88.50</b> 140.85
4	Interest Received on investment in debentures, interest bearing advances & Loans	— —	— —	— —	<b>17.09</b> 82.80	<b>17.09</b> 82.80
5	Rent	— —	— —	— —	<b>86.40</b> 76.80	<b>86.40</b> 76.80
6	Managerial Remuneration	— —	— —	<b>221.28</b> 181.47	— —	<b>221.28</b> 181.47
7	Advance Received back	— —	— —	— —	<b>5.00</b> —	<b>5.00</b> —


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

(Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
8	Subscription of Share Capital Including Premium	— —	— —	— —	<b>1,056.00</b> —	<b>1,056.00</b> —
9	Guarantees to be obtained	— —	— —	<b>19,795.29</b> 24,526.56	— —	<b>19,795.29</b> 24,526.56
<b>Balance as at 31st March, 2015</b>						
10	Investments	<b>2,194.83</b> 2,194.83	<b>1.70</b> 1.70	— —	— 690.00	<b>2,196.53</b> 2,886.53
11	Advance including(interest receivable)	— —	— —	— —	— 29.37	— 29.37
12	Long term borrowings-Advances towards promoter contribution	— —	— —	— —	— 19,405.00	— 19,405.00
13	Deposits	— —	— —	— —	<b>711.50</b> 711.50	<b>711.50</b> 711.50
14	Trade & other Payable	— —	— —	— 0.15	<b>15.73</b> 7.36	<b>15.73</b> 7.51
15	Advance from Customer	— —	— —	— —	<b>52.23</b> 141.65	<b>52.23</b> 141.65
16	Money received against share Warrants	— —	— —	— —	— 264.00	— 264.00
17	Loans including Interest receivable	— —	— —	— —	<b>1,931.97</b> —	<b>1,931.97</b> —

Note : Figures in Italic represents Previous Year's amounts.

**Disclosure in Respect of Material Related Party Transactions during the year:**

1. Loan given to Ispat Profiles India Ltd. Rs: 1,917.00 lacs (Previous year Rs: Nil )
2. Repayment of Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited Rs:10,169.00 Lacs (Previous Year Rs: Nil) and Jal tarang Vanijya Pvt Limited Rs:9,236 Lacs (Previous Year Rs: Nil).
3. Sale of Finished Goods Include sales made to Gontermann-Peipers (India) Limited Rs: 88.50 lacs (Previous Year Rs: 140.85 Lacs).
4. Interest received on Investments in debentures & interest bearing advances & loans include Shakti Chrome Limited Rs: 2.11 Lacs (Previous Year Rs: 82.80 lacs) & Ispat profiles India limited Rs 14.97 Lacs (Previous year Rs: Nil).
5. Rent includes Navdisha Real Estate Private Limited Rs: 86.40 lacs (Previous Year Rs: 76.80 lacs).
6. Managerial Remuneration includes Mr. Anil Sureka Rs: 143.89 lacs (Previous Year Rs: 132.65 lacs), Mr. R K Parakh Rs. 56.82 lacs (Previous Year Rs. 40.09 lacs) and Mr. Ansuman Bhanja Rs:20.57 Lacs ( Previous Year Rs: Nil )

**NOTES TO THE FINANCIAL STATEMENTS (contd.)**

7. Advance received back from Navoday Consultant Limited Rs: 5.00 Lacs ( Previous year Rs :Nil )
8. Subscription of Share capital (Including Premium) includes subscription by Dankuni investment limited Rs: 528 lacs (Previous Year Nil) & Navodya consultants Ltd Rs: 528 Lacs (Previous Year Nil) .
9. Guarantees to be obtained include Mr. Pramod Mittal Rs: 9,897.64 lacs (Previous Year Rs: 12,263.28 lacs) and Mr. V K Mittal Rs: 9,897.64 (Previous Year Rs: 12,263.28 lacs).
10. Investments includes Milton Holdings Limited - Rs 2,194.83 lacs ( Previous Year Rs. 2,194.83 lacs),Balasore Energy Limited -Rs.1.70 lacs ( Previous Year Rs. 1.70 lacs ) and Shakti Chrome Limited Rs. Nil ( Previous Year Rs. 690 lacs)
11. Advance including (Interest Receivable) Shakti Chrome Limited Rs: Nil (Previous Year Rs: 24.37 lacs), Navoday Consultants Limited Rs: Nil (Previous Year Rs: 5.00 Lacs)
12. Long Term Borrowings- Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited Rs. Nil (Previous Year Rs: 10,169 lacs) and Jaltarang Vanijya Pvt Limited Rs: Nil ( Previous Year Rs: 9,236 lacs).
13. Deposits include Navdisha Real Estate Private Limited Rs.711.50 lacs (Previous Year Rs. 711.50 lacs).
14. Trade & other Payables include Mr. Anil Sureka Rs. Nil (Previous Year Rs 0.15 lacs) and Navdisha Real estate Pvt. Ltd. 15.73 Lacs (Previous year Rs. 7.36 lacs).
15. Advance from customers includes Gontermann-Peipers (India) Limited Rs. 52.23 Lacs (Previous year Rs. 141.65 Lacs)
16. Money received against share warrants includes Dankuni Investment Ltd Rs. Nil ( Previous Year Rs. 132 Lacs ) & Navoday Consultants Limited Rs Nil ( Previous Year Rs . 132 Lacs )
17. Loans Including Interest receivable represents Ispat Profiles India Limited Rs . 1,931.97 Lacs (Previous Year Rs. Nil )

**37. Basis for calculation of Basic and Diluted Earnings per Share is as follows:**

Particulars	2014-15	2013-14
Present Weighted Average Equity Shares (In Numbers )	<b>70,601,096</b>	64,290,411
Equivalent Weighted Average Equity Shares to be allotted against share warrant (In Numbers )	—	52,65,534
Potential weighted Average Equity Shares (In Numbers )	<b>70,601,096</b>	69,555,945
Net Profit after Taxes ( Rs. In Lacs)	<b>2,924.09</b>	4,600.29
Nominal Value of each Shares (In Rs. )	<b>5/-</b>	5/-
Basic Earnings Per Share (In Rs.)	<b>4.14</b>	7.16
Diluted Earnings Per Share (In Rs.)	<b>4.14</b>	6.61

**38. CIF Value of Imports**

(Rs in Lacs)

Particulars	2014-15	2013-14
Raw Materials	<b>6,386.59</b>	3,801.74
Stores and Spares	<b>156.59</b>	—



**NOTES TO THE FINANCIAL STATEMENTS (contd.)****39. Expenditure in foreign currency (accrual basis)**

(Rs in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Travelling and conveyance	328.04	224.24
Rent & Hire Charges	34.33	32.99
Insurance	—	2.20
Employee Benefit	98.07	77.94
Claim Expenses & Interest there on	23.60	23.31
Legal & Professional Fee	41.61	34.52
Commission on Sales (other than sole selling agent)	333.09	623.23
Finance costs	192.87	107.88
Others	33.70	72.60

**40. Earning in foreign currency (on accrual basis)**

(Rs in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
FOB Value of Exports	57,719.69	48,827.40

**41. Break-up of consumption of raw materials, stores & spares etc. (including items debited to other heads of expenses, unserviceable and / or damaged / obsolete items written down and / or written off)**

(Rs in Lacs)

<b>Particulars</b>	<b>Raw Materials</b>		<b>Stores &amp; Spares Consumed*</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Indigenous	<b>20,984.80</b> <i>20,147.68</i>	<b>75.86</b> <i>86.78</i>	<b>1,815.58</b> <i>2,103.55</i>	<b>99.40</b> <i>99.57</i>
Imported	<b>6,676.61</b> <i>3,068.90</i>	<b>24.14</b> <i>13.22</i>	<b>10.99</b> <i>9.04</i>	<b>0.61</b> <i>0.43</i>
Total	<b>27,661.41</b> <i>23,216.58</i>	<b>100.00</b> <i>100.00</i>	<b>1,826.57</b> <i>2,112.59</i>	<b>100.00</b> <i>100.00</i>

Note: Figures in Italic represents of previous year

\* Includes Rs 537.31 lacs (Rs 882.92 lacs) charged to other heads of expenses.

**42. Details of Loans given, Investment made and Guarantee given covered u/s 186 (4) of the Companies Act, 2013:**

- I) Loans given by the company to body corporate as at 31st March, 2015 (Refer Note No. 13). All the said loans and advances are given for business purposes.
- II) Investments made by the company as at 31st March, 2015 (Refer Note No. 12)



## BALASORE ALLOYS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (contd.)

43. During the current period, lenders have computed the recompense liability of Rs. 6,275.72 Lacs for the period from 1st April, 2004 till 30th Nov, 2014, as approved by Corporate Debt restructuring (CDR) Empowered Group (EG). Based on such approvals, during the year ended, provision of Rs. 4,367.31 Lacs has been made towards the balance recompense payable for the period upto 31st March, 2014 which has been shown as exceptional item. Subsequently, company has issued Redeemable Non-Convertible debentures against the recompense payable to its lenders aggregating to Rs. 4,685.72 Lacs and balance amount of Rs. 1,590 Lacs was paid provided from time to time.

Further CDR EG in its meeting dated 26th, March 2015 has given direction that company stands exited from CDR system.

44. There were no foreign currency remittances on account of dividend during the year.

45. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

As per our attached report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

*Chartered Accountants*

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of Board of Directors

Anil Sureka

*(Managing Director)*

DIN No.- 00058228

R K Parakh

*(Director - Finance)*

DIN No.- 00459699

Trilochan Sharma

*(Company Secretary)*

Membership No- FCS 6024

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF BALASORE ALLOYS LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of BALASORE ALLOYS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associate as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note 32 to the consolidated financial statements regarding demand by North Eastern Electricity Supply Company of Orissa Limited (NESCO) towards revocation of the waiver of dues granted under a settlement in earlier years to Holding Company. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has raised total claim for Rs. 16,699.05 Lacs as at 31st March, 2015 (Rs. 15,769.65 Lacs as at 31st March, 2014) (including delayed payment surcharge) towards revocation of the



## BALASORE ALLOYS LIMITED

waiver of dues granted under a settlement in an earlier year net of Rs 3,400 lacs already paid and provided in respective year of payment as a matter of prudence by the Holding Company. The matter of revocation of settlement is pending with Honourable High Court of Orissa. Pending outcome of the court decision and based on discussion with Holding Company's legal counsel, no provision has been made towards above demand.

Our Opinion is not qualified in respect of the same.

### Other Matters

- (a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 2,497.66 lacs as at 31st March, 2015, total revenues of Rs. 1.17 lacs and net cash outflows amounting to Rs. 1.83 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 0.13 lacs for the year ended 31<sup>st</sup> March, 2015, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of associate company incorporated in India, none of the directors of its associate company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate as referred to in Note 26 and Note 29 to 32 to the financial statements.
    - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company in India.

**For Chaturvedi & Shah**

*Chartered Accountants*

Firm registration number: 101720W

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : May 27, 2015



**Annexure to Independent Auditors' Report  
Referred to in Paragraph 1 under the heading of "report on other legal and  
regulatory requirements" of our report of even date**

- i) In respect of its fixed assets:
- The Holding Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - As explained to us, fixed assets have been physically verified by the management in a phased periodical manner as per regular program of verification, which in our opinion is reasonable, having regard to the size of the Holding Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- ii) In respect of its inventories:
- The inventories have been physically verified during the year by the management of Holding Company. In our opinion, the frequency of verification is reasonable.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
  - The Holding Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) In respect of the loans, secured or unsecured, the Holding Company has granted interest bearing loan to one company covered in the register maintained under Section 189 of the Act. In respect of the said loan Maximum amount outstanding at any time during the year and year-end balance is Rs 1,917 Lacs.
- The Principal and Interest amount will be paid as per the terms stipulated.
- e) In respect of the said loan, there are no overdue amounts at the end of the year.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Holding Company and its Associate and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v) According to the information and explanations given to us, the Holding Company and its Associate has not accepted any deposit within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Holding Company and its Associate.
- vi) We have broadly reviewed the cost records maintained by the Holding Company as prescribed by the Central Government under sub-section (1) of section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of statutory dues:
- According to the records of the Holding Company and its Associate, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, and any other statutory dues have been regularly deposited with the appropriate authorities except Income-Tax, service tax and excise duty in respect of Holding Company. According to the information and explanations given to us undisputed amounts, in respect of the Statutory dues of Holding Company referred above outstanding as at 31st March 2015, for a period of more than six months from the date they became payable are as under :

Nature of Dues	Amount (Rs in Lacs)	Period to which amount Relates
Income Tax	1,940.05	AY 2014-15
Income Tax(Advance Tax)	862.95	AY 2015-16
<b>Total</b>	<b>2,803.00</b>	



## BALASORE ALLOYS LIMITED

- b) The disputed statutory dues of Holding Company aggregating Rs 1,471.12 Lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sl. No.	Name of the statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax (including interest)	31.84	2012-13	Commissioner of Income Tax (Appeal)
2.	Central Sales Tax Act, 1956 and Orissa Sales Tax Act	Sales Tax/VAT (including interest and Penalty)	10.97	1996-97	Orissa High Court, Cuttack
			70.92	1997-98	Sales Tax Appellate Tribunal
			2.89	1994-97 & 2011-12	Additional Commissioner
			437.97	2007-2009 & 2010-2013	Orissa High Court, Cuttack
3.	Entry Tax Act, 1999	Entry Tax	98.86	2009-10 & 2011-12	Additional Commissioner
			92.96	2007-2009 & 2010-2013	Orissa High Court, Cuttack
4.	Central Excise Act, 1944	Excise Duty (including interest)	43.56	2010-2013	Commissioner Appeals
			7.89	2011-12	Commissioner Appeals
5.	Chapter V of Finance Act, 1994	Service Tax	6.80	2005-2007	Orissa High Court, Cuttack
			666.46	1996-1998 & 2004-2012	Central Excise & Service Tax Appellate Tribunal
	<b>Total</b>		<b>1,471.12</b>		

- c. There were no amounts in Holding Company and its Associate which were required to be transferred to the Investor Education and protection fund in accordance with the relevant provision of the Companies Act 1956 and rules made thereunder.
- viii) The Holding Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year. Its Associate Company has accumulated losses, which is more than fifty percent of its net worth and has incurred cash losses in the current year and in immediately preceding year.
- ix) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Holding Company has not defaulted in repayment of dues to banks and debenture holders. The Holding Company and its Associate has not borrowed any funds from financial institutions during the year under audit.
- x) According to information and explanation given to us the Holding Company and its Associate has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (x) of paragraph 3 of the Order are not applicable to the Holding Company and its Associate.
- xi) The term loans were applied for the purpose for which the loans were raised by the Holding Company.
- xii) In our opinion and according to the information and explanations given to us, no material fraud on or by the Holding Company and its Associate has been noticed or reported during the year.

**For Chaturvedi & Shah**

*Chartered Accountants*

Firm registration number: 101720W

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata  
Date : May 27, 2015

**BALASORE ALLOYS LIMITED****CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015**

			(Rs in Lacs)
	Notes	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
a. Share capital	3	3,696.38	3,366.38
b. Reserves and surplus	4	86,918.06	88,950.21
c. Money Received Against Equity Share Warrants	3	-	264.00
<b>Sub-total Shareholders' funds</b>		<b>90,614.44</b>	<b>92,580.59</b>
<b>Non-current liabilities</b>			
a. Long-term borrowings	5	3,828.20	19,806.46
b. Deferred tax liabilities (net)	6	1,040.06	1,639.70
c. Long-term provisions	7	1,084.98	781.74
<b>Sub-total Non-current liabilities</b>		<b>5,953.24</b>	<b>22,227.90</b>
<b>Current liabilities</b>			
a. Short-term borrowings	8	5,864.28	6,272.86
b. Trade payables	9	22,120.47	18,287.61
c. Current Maturities of Long-term borrowings	5	1,894.12	3,134.45
d. Other current liabilities	10	5,674.49	6,575.28
e. Short-term provisions	7	4,541.51	2,663.01
<b>Sub-total Current liabilities</b>		<b>40,094.87</b>	<b>36,933.21</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>136,662.55</b>	<b>151,741.70</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
a. Fixed assets			
Tangible assets	11	91,878.38	93,300.50
Intangible assets	11	1,563.74	1,542.93
Capital work-in-progress	11	7,269.22	7,793.03
b. Non-current investments	12	1,206.14	1,571.26
c. Long-term loans and advances	13	8,475.84	25,300.57
d. Other non-current assets	14	-	155.00
<b>Sub-total - Non-current assets</b>		<b>110,393.32</b>	<b>129,663.29</b>
<b>Current assets</b>			
a. Inventories	16	12,648.09	9,808.93
b. Trade receivables	15	1,509.74	1,271.84
c. Cash and bank balances	17	778.22	578.71
d. Short-term loans and advances	13	10,657.24	9,964.35
e. Other current assets	14	675.94	454.58
<b>Sub-total - Current assets</b>		<b>26,269.23</b>	<b>22,078.41</b>
<b>TOTAL - ASSETS</b>		<b>136,662.55</b>	<b>151,741.70</b>
Summary of significant accounting policies	2		
Notes on Financial Statements	3-40		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka  
(Managing Director)  
DIN No.- 00058228

R K Parakh  
(Director - Finance)  
DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024



**BALASORE ALLOYS LIMITED****CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

			(Rs in Lacs)
	<b>Notes</b>	<b>2014-15</b>	<b>2013-14</b>
<b>INCOME</b>			
Revenue from operations (gross)	18	<b>87,938.46</b>	81,191.91
Less: Excise duty		<b>3,152.99</b>	2,931.16
<b>Revenue from operations (net)</b>		<b>84,785.47</b>	78,260.75
Other income	19	<b>3,382.07</b>	868.14
<b>Total revenue (I)</b>		<b>88,167.54</b>	79,128.89
<b>EXPENSES</b>			
Cost of raw materials consumed	20	<b>27,323.31</b>	23,231.78
(Increase)/ decrease in inventories	21	<b>22.54</b>	474.24
Power		<b>23,274.99</b>	21,814.65
Employee benefits expenses	22	<b>6,199.93</b>	5,034.94
Other expenses	23	<b>17,159.34</b>	15,448.93
<b>Total (II)</b>		<b>73,980.11</b>	66,004.54
<b>Profit before finance costs, tax, depreciation &amp; amortization (I) - (II)</b>		<b>14,187.43</b>	13,124.35
Depreciation & amortization expenses	24	<b>2,106.38</b>	1,884.54
Finance costs	25	<b>3,416.42</b>	3,845.61
<b>Profit before exceptional item &amp; tax</b>		<b>8,664.63</b>	<b>7,394.20</b>
Exceptional Item (Refer Note 38)		<b>4,367.31</b>	-
<b>Profit before taxes (III)</b>		<b>4,297.32</b>	<b>7,394.20</b>
<b>Tax expenses</b>			
Current tax		<b>2,148.89</b>	2,425.31
Deferred tax Charge		<b>(544.51)</b>	244.43
Taxation expenses of earlier years		<b>(224.11)</b>	134.45
<b>Total tax expenses (IV)</b>		<b>1,380.27</b>	2,804.19
<b>Profit for the year [(III) - (IV)]</b>		<b>2,917.05</b>	<b>4,590.01</b>
Less: Share of loss of Associate Company		<b>(0.13)</b>	<b>(0.15)</b>
<b>Net Profit for the year</b>		<b>2,916.92</b>	<b>4,589.86</b>
Earnings per equity share [nominal value of share Rs. 5/-]			
Basic EPS (Rs)		<b>4.13</b>	7.16
Diluted EPS (Rs)		<b>4.13</b>	6.61
Summary of significant accounting policies	2		
Notes on Financial Statements	3-40		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka  
(Managing Director)  
DIN No.- 00058228

R K Parakh  
(Director - Finance)  
DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024

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

(Rs in Lacs)

<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	<b>Notes</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Profit before tax</b>		<b>4,297.19</b>	<b>7,394.20</b>
Adjustment to reconcile profit before tax to cash generated by operating activities			
Depreciation/Amortisation Expenses		2,106.38	1,884.54
Profit on sale/discard of Fixed Assets (Net)		(486.37)	0.14
Unrealized foreign exchange loss		(1.11)	(132.37)
Unspent Liabilities no longer required written back		(1,007.97)	(369.59)
Loss on sale of Investment		490.00	(48.98)
Irrecoverable debts , deposits & Advances written off		212.91	1,394.40
Provision for doubtful debts/advances		244.94	500.00
Interest Expense		2,923.20	3,806.18
Interest Income		(479.54)	(410.29)
<b>Operating profit before working capital changes</b>			
Movements in working capital :			
Increase/ (Decrease) in trade payables and other current liabilities		4,462.32	2,851.70
Increase/ (decrease) in provisions		199.11	186.94
Decrease / (increase) in trade receivables		(263.57)	(552.80)
Decrease / (increase) in inventories		(2,839.16)	142.44
Decrease / (Increase) loans and advances and other assets		(3,273.87)	(5,289.25)
Cash generated from /(used in) operations		6,584.46	11,357.27
Taxes Paid (Net)		(2.77)	(1,874.83)
<b>Net cash flow from operating activities (A)</b>		<b>6,581.68</b>	<b>9,482.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets ( Including CWIP and Capital advances )		(6,438.10)	(5,547.56)
Refund of advance against strategic investment		19,875.00	-
Proceeds on Sale of investments		200.13	112.92
Purchase of Investment		(325.00)	-
Proceeds from sale of fixed assets		759.93	0.20
Maturity of/( Investment in) Fixed Deposit		15.50	423.61
Interest received		119.35	580.00
<b>Net cash flow from /(used) in investing activities (B)</b>		<b>14,206.80</b>	<b>(4,430.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		792.00	-
Proceeds from long-term borrowings		-	447.50
Repayment of long-term borrowings		(17,218.59)	(1,603.56)
Dividend paid on equity shares (including dividend distribution tax)		(481.23)	(373.60)
Net Movement in Short-term Borrowings		(418.44)	(43.12)
Interest paid		(3,518.49)	(3,696.09)
<b>Net cash flow (used) in financing activities (C)</b>		<b>(20,844.74)</b>	<b>(5,268.88)</b>
<b>D. Exchange Differences on transaction of foreign subsidiaries</b>		<b>116.27</b>	<b>288.12</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C+D)</b>		<b>60.01</b>	<b>70.84</b>
<b>Cash &amp; Cash equivalents as at the beginning of the year</b>		<b>133.70</b>	<b>62.86</b>
<b>Cash &amp; Cash equivalents as at the end of the year</b>		<b>193.71</b>	<b>133.70</b>
<b>Cash &amp; Cash equivalents as at the end of the year includes</b>			
Cash-in-hand		22.45	48.56
Balances with banks:			
On current accounts		111.15	41.43
On unpaid dividend account *		60.11	43.71
<b>Cash and cash equivalents at the end of the year (Ref Note 17)</b>		<b>193.71</b>	<b>133.70</b>

Summary of significant accounting policies

2

\* The Company can utilize these balance only towards settlement of the respective unpaid dividend

The accompanying notes are an integral part of Financial Statements

As per our attached report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of the Board of Directors

Anil Sureka

(Managing Director)

DIN No.- 00058228

R K Parakh

(Director - Finance)

DIN No.- 00459699

Trilochan Sharma

(Company Secretary)

Membership No- FCS 6024

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015****2. Significant Accounting policies on Consolidated Accounts****A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

**B) Principles of Consolidation**

- (i) The Consolidated Financial Statements present the consolidated Accounts of Balasore Alloys Limited and its following Subsidiaries and its Associate.

Name of the Companies	Relationship	Country of Incorporation	Proportion of Ownership / Interest	
			31st March, 2015	31st March, 2014
Milton Holding Limited (MHL)	Subsidiary	Mauritius	100 %	100 %
Balasore Metals Pte Limited (BMPL)	Subsidiary	Singapore	100%	100%
Balasore Energy Limited	Associate	India	34%	34%

In terms of Accounting Standard 21 notified no minority interest exists. MHL is into the business of mining and has not yet commenced commercial operations. BMPL is into the business of trading of ferro alloys.

- (ii) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits.
- (iii) Investment in Associate Company has been accounted under the equity method as per Accounting Standard (AS) 23-“Accounting for Investments in Associates in Consolidated financial Statements.
- (iv) The financial statements of Milton Holding Limited have been prepared in accordance with International Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.
- (v) The financial statements of Balasore Metals Pte Limited have been prepared in accordance with Singapore Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.
- (vi) In translating the financial statements of the non-integral foreign Subsidiaries for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expense items are translated at average exchange rate; and all resulting exchange differences are accumulated in the exchange fluctuation reserve.
- (vii) As far as possible , the consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- C) Investment other than in subsidiaries and associate have been accounted as per Accounting Standard (AS) 13 on “Accounting for Investments”.
- D) **Other Significant accounting policies**
- These are set out under significant Accounting Policies as given in the Company's separate financial statements.


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**3. Share capital**

(Rs in Lacs)

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Authorized shares</b>		
200,000,000 (200,000,000) equity shares of Rs.5/- each	<b>10,000.00</b>	10,000.00
<b>Issued and subscribed shares</b>		
73,934,263 (67,334,263) equity shares of Rs. 5/- each	<b>3,696.71</b>	3,366.71
<b>Paid-up shares</b>		
70,890,411 (64,290,411) equity shares of Rs. 5/- each fully paid up	<b>3,544.52</b>	3,214.52
Add: Shares forfeited	<b>151.86</b>	151.86
<b>Total</b>	<b>3,696.38</b>	3,366.38

**(a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year**
*Equity shares*

	<b>As at 31st March, 2015</b>		<b>As at 31st March, 2014</b>	
	<b>No. in lacs</b>	<b>Rs. In lacs</b>	<b>No. in lacs</b>	<b>Rs. In lacs</b>
At the beginning of the year	<b>642.90</b>	<b>3,214.52</b>	642.90	3,214.52
Issued during the year	<b>66.00</b>	<b>330.00</b>	—	—
<b>Outstanding at the end of the year</b>	<b>708.90</b>	<b>3,544.52</b>	642.90	3,214.52

**(b) Terms/ rights attached to equity shares**

- (i) The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% equity shares in the Company**

<b>Name of the shareholder</b>	<b>As at 31 March, 2015</b>		<b>As at 31 March, 2014</b>	
	<b>Numbers</b>	<b>% holding</b>	<b>Numbers</b>	<b>% holding</b>
Goldline Tracom Private Limited	<b>12,402,346</b>	<b>17.50%</b>	12,402,346	19.29%
Navoday Highrise Private Limited	<b>7,346,635</b>	<b>10.36%</b>	—	—
Navoday Niketan Private Limited	<b>4,953,215</b>	<b>6.99%</b>	—	—
Ushaditya Trading Private Limited (Formerly Ushaditya Investments Private Limited)	—	—	7,392,500	11.50%
Navoday Exim Private Limited (Formerly Ispat Holdings Private Limited)	—	—	4,888,800	7.60%
Hypnos Fund Ltd.	—	—	3,495,369	5.44%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****4. Reserves and surplus**

(Rs in Lacs)

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Capital Reserve</b>		
Balance as per the last financial statements		
Capital Investment Subsidy (a)	<b>41.96</b>	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	<b>490.00</b>	490.00
<b>Revaluation Reserve</b>		
Balance as per the last financial statements	<b>55,945.47</b>	60,810.83
Less : Discard of revaluation asset	<b>(446.76)</b>	—
Less: Amount transferred to the statement of profit and loss as reduction from depreciation ( Refer note 24)	<b>(4,679.23)</b>	(4,865.36)
<b>Closing Balance (c)</b>	<b>50,819.48</b>	55,945.47
<b>Securities Premium Account</b>		
Balance as per the last financial statements	<b>1,550.00</b>	1,550.00
Add : On issue of Shares	<b>726.00</b>	—
<b>Closing Balance (d)</b>	<b>2,276.00</b>	<b>1,550.00</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	<b>646.33</b>	358.21
Addition/Deduction for the year	<b>116.27</b>	288.12
<b>Closing Balance (e)</b>	<b>762.60</b>	646.33
<b>General Reserve</b>		
Balance as per the last financial statements	<b>7,803.37</b>	7,688.36
Add : Transfer from Profit and Loss Account	<b>73.10</b>	115.01
<b>Closing Balance (e)</b>	<b>7,876.47</b>	<b>7,803.37</b>
<b>Debenture Redemption Reserve</b>		
Balance as per the last financial statements	—	—
Add : Transfer from Profit and Loss Account	<b>818.84</b>	—
<b>Closing Balance (f)</b>	<b>818.84</b>	—
<b>Surplus in the Profit and Loss Account</b>		
Balance as per last financial Statements	<b>22,473.08</b>	18,449.53
Profit for the year	<b>2,916.92</b>	4,589.86
Less : Adjustment relating to Fixed assets (Refer Note no. 11.5)	<b>107.07</b>	—
	<b>25,282.93</b>	23,039.39
Less: Appropriations		
Transfer to General Reserve	<b>(73.10)</b>	(115.01)
Transfer to Debenture Redemption Reserve	<b>(818.84)</b>	—
Dividend Paid for Previous year	<b>(39.60)</b>	—
Tax on dividend	<b>(6.73)</b>	—
Proposed Dividend ( Dividend per share Rs. 0.60 ( Rs. 0.60)	<b>(425.34)</b>	(385.74)
Tax on dividend	<b>(86.59)</b>	(65.56)
	<b>(1,450.20)</b>	<b>(566.31)</b>
<b>Net surplus in the Profit and Loss Account (g)</b>	<b>23,832.71</b>	<b>22,473.08</b>
<b>Total Reserves and surplus (a to g)</b>	<b>86,918.06</b>	88,950.21


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**5. Long-term borrowings**

(Rs in Lacs)

	<b>Non Current Position</b>		<b>Current maturities</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>A) Secured</b>				
<b>Indian rupee loan from banks</b>				
Term Loans	–	–	–	1,746.57
Funded Interest Term Loans	–	–	–	1,254.58
<b>Total (i)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,001.15</b>
Deferred Payment Credits	<b>704.39</b>	401.46	<b>332.21</b>	133.30
<b>Total (ii)</b>	<b>704.39</b>	401.46	<b>332.21</b>	133.30
<b>11% Redeemable Non-Convertible Debentures</b>				
<b>STATE BANK OF INDIA</b>	<b>2,663.05</b>	–	<b>1,331.53</b>	–
39,94,580 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>STATE BANK OF HYDERABAD</b>	<b>332.63</b>	–	<b>166.31</b>	–
4,98,940 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>ALLAHABAD BANK</b>	<b>128.13</b>	–	<b>64.07</b>	–
1,92,200 Nos(Nil), 11% Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid up				
<b>Total (iii)</b>	<b>3,123.81</b>	–	<b>1,561.91</b>	–
<b>Total Secured Borrowing (i+ii+iii)</b>	<b>3,828.20</b>	401.46	<b>1,894.12</b>	3,134.45
<b>B) Unsecured</b>				
Advance towards Promoter Contribution	–	19,405.00	–	–
<b>Total Unsecured Borrowing</b>	–	19,405.00	–	–
<b>Total (A + B)</b>	<b>3,828.20</b>	19,806.46	<b>1,894.12</b>	3,134.45

**5.1 Indian rupee loan from banks**
**a) Maturity Profile**

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
11% Redeemable Non-Convertible Debentures	1561.91	1561.91	1561.91	–	–

**b) Nature of Security**

Redeemable Non-Convertible Debentures referred aboe are secured by way of residual charge on assets (both movable and non-movable) of the company.

**Deferred Payment Credits**
**a) Maturity Profile**

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Deferred Payment Credits	332.21	372.47	270.89	61.04	–

**b) Nature of Security**

Deferred Payment Credits are secured against hypothecation of assets purchased against such loans.


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**6. Deferred tax liabilities (net)**

(Rs in Lacs)

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Deferred tax liabilities</b>		
Timing difference on depreciable assets	<b>3,076.19</b>	2,901.92
<b>(A)</b>	<b>3,076.19</b>	2,901.92
<b>Deferred tax assets</b>		
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961	<b>1,785.41</b>	1,081.33
Other disallowance under Income Tax Act, 1961	<b>250.72</b>	180.89
<b>(B)</b>	<b>2,036.13</b>	1,262.22
<b>Net deferred tax liabilities (A-B)</b>	<b>1,040.06</b>	1,639.70

**7. Provisions**

(Rs in Lacs)

	<b>Non Current Provisions</b>		<b>Current Provisions</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Provision for employee benefits: (Ref Note 33)</b>				
Gratuity	<b>631.41</b>	452.59	<b>34.65</b>	27.23
Superannuation	—	—	<b>50.61</b>	174.25
Compensated absences	<b>403.57</b>	289.15	<b>35.35</b>	23.26
	<b>1,034.98</b>	741.74	<b>120.61</b>	224.74
<b>Other provisions for -</b>				
Taxation[ (net of advance income taxes/Tax deducted at source Rs. 3,151.15 lacs (Rs. 4,460.52 lacs)]	—	—	<b>3,908.97</b>	1,986.97
Site restoration	<b>50.00</b>	40.00	—	—
Proposed Dividend	—	—	<b>425.34</b>	385.74
Tax on dividend	—	—	<b>86.59</b>	65.56
	<b>50.00</b>	40.00	<b>4,420.90</b>	2,438.27
<b>Total</b>	<b>1,084.98</b>	781.74	<b>4,541.51</b>	2,663.01

7.1. As per the requirement of Accounting Standard – 29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts.

	<b>As at 31st March 2015</b>
At the beginning of the year	40.00
Arisen during the year	10.00
Utilized during the year	—
<b>At the end of the year</b>	<b>50.00</b>
Non-Current Portion	50.00




**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**8. Short-term borrowings**

(Rs in Lacs)

	<b>As at 31st March 2015</b>	<b>As at 31st March 2014</b>
<b>A) Secured Loans</b>		
<b>Working Capital Loan</b>		
<b>From Bank-</b>		
Rupee Loan	2,353.87	3,834.48
Foreign Currency Loan	2,790.41	1,081.57
<b>(A)</b>	<b>5,144.28</b>	<b>4,916.05</b>
<b>B) Unsecured Loans</b>		
Loans from Body Corporates	720.00	1,356.81
<b>(B)</b>	<b>720.00</b>	<b>1,356.81</b>
<b>Total</b>	<b>(A+B) 5,864.28</b>	<b>6,272.86</b>

- 8.1** Working capital loans from banks refer above are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by personnel guarantees issued/ to be issued by Mr Pramod Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited, Ispat Minerals Limited & Balasore Energy Limited. All the mortgages and charges created in favour of the Banks for Working Capital loans rank pari passu inter se.

**9 Trade Payables**

(Rs in Lacs)

	<b>Current position</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Acceptances	3,273.57	3,522.35
Micro and Small Enterprises	54.19	128.53
Creditor for goods, services etc (including retention money)	18,792.71	14,636.73
<b>Total</b>	<b>22,120.47</b>	<b>18,287.61</b>

- a) The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:

	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Particulars</b>		
Principal amount due and remaining unpaid	54.19	128.53
Interest due on above and the unpaid interest	7.28	24.24
Interest paid	—	—
Payment made beyond the appointed day during the year	—	—
Interest due and payable for the period of delay	4.87	12.88
Interest accrued and remaining unpaid	4.87	12.88
Amount of further interest remaining due and payable in succeeding years	7.28	24.24



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 10. Other Current liabilities

		(Rs in Lacs)
	As at 31st March, 2015	As at 31st March, 2014
Interest accrued but not due on borrowings	182.56	0.14
Interest accrued and due on borrowings	45.55	65.46
Recompense payable to lenders under CDR	—	757.79
Advance from customers	1,429.72	284.90
Unpaid Dividend *	60.11	43.71
Creditors for Capital expenditure	666.84	608.16
Statutory Dues	796.78	506.01
Temporary Book Overdraft	—	1,050.74
Claims Payable	696.96	622.04
Other liabilities**	1,795.97	2,636.33
<b>Total</b>	<b>5,674.49</b>	<b>6,575.28</b>

\* These do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund

\*\* It includes Rs. 1,627.80 lacs (Rs. 2,205.70 lacs) payables against arrangement for procurement of raw materials.

(Rs in Lacs)

(123)



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 12. Non-current investments

	As at 31st March, 2015	(Rs in Lacs) As at 31st March, 2014
<b>Trade investments</b> (valued at cost unless stated otherwise)		
<b>Unquoted equity shares</b>		
<b>Investment in associate</b>		
17000 (17000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited	0.19	0.31
<b>Investment in Other</b>		
3000000 (Nil) equity shares of Rs 10 each fully paid-up in Facor Power Limited.	300.00	—
<b>Investment in government securities</b>		
6 years National Savings Certificates (Deposited with Government Departments)	0.95	0.95
<b>Non-trade investments</b> (valued at cost unless otherwise stated)		
<b>Investment in Other</b>		
<b>Unquoted equity shares</b>		
300000 (300000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	30.00	30.00
<b>Unquoted mutual funds</b>		
250000 (Nil) Dual Advantage Fund - Series units of Rs 10 each fully paid-up in SBI Mutual Fund	25.00	—
<b>Unquoted debentures</b>		
Nil (690000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited.	—	690.00
850000 (850000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	850.00	850.00
<b>Total</b>	<b>1,206.14</b>	<b>1,571.26</b>
a) Aggregate amount of Quoted investments	—	—
b) Aggregate amount of Unquoted investments	<b>1,206.14</b>	<b>1,571.26</b>


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**13. Loans and advances** (Unsecured, considered good unless stated otherwise ) (Rs in Lacs)

		<b>Non Current</b>		<b>Current</b>	
		<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Capital advances [including doubtful Rs 78.80 Lacs (Rs 78.80 Lacs)]		<b>3,856.71</b>	3,102.96	—	—
Provision for doubtful advances		<b>(78.80)</b>	(78.80)	—	—
	(A)	<b>3,777.91</b>	3,024.16	—	—
Advance against strategic investment	(B)	—	19,875.00	—	—
Advances recoverable in cash or kind					
Considered good - Others		—	—	<b>5,741.45</b>	5,101.17
Considered doubtful - Others		<b>496.02</b>	251.09	—	—
		<b>496.02</b>	251.09	<b>5,741.45</b>	5,101.17
Provision for doubtful advances		<b>(496.02)</b>	(251.09)	—	—
	(C)	—	—	<b>5,741.45</b>	5,101.17
Loans					
Body Corporates		—	—	<b>1,382.00</b>	1,382.00
Body Corporates - Related Parties (Refer Note 36)		<b>1,917.00</b>	—	—	—
Considered doubtful		<b>500.00</b>	500.00	—	—
Advance to Employees		—	—	<b>74.53</b>	89.34
		<b>2,417.00</b>	500.00	<b>1,456.53</b>	1,471.34
Provision for doubtful advances		<b>(500.00)</b>	(500.00)	—	—
	(D)	<b>1,917.00</b>	—	<b>1,456.53</b>	1,471.34
Security Deposits	(E)	<b>2,780.93</b>	2,401.41	<b>28.46</b>	40.17
Others (Considered Good)					
Balances with statutory / government authorities		—	—	<b>2,480.68</b>	1,992.23
Export benefits receivables		—	—	<b>804.84</b>	1,225.21
Others		—	—	<b>145.28</b>	134.22
Advance income-tax (net of provision for taxation)		—	—	—	—
	(F)	—	—	<b>3,430.80</b>	3,351.67
<b>Total</b>	(A to F)	<b>8,475.84</b>	25,300.57	<b>10,657.24</b>	9,964.35

**14. Other Assets** (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

	<b>Non Current</b>		<b>Current</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Non-current bank deposit (Note No. 17)	—	155.00	—	—
	—	155.00	—	—
<b>Others</b>				
Interest Receivable on				
Bank Deposits	—	—	<b>40.26</b>	61.77
Long-term investments	—	—	<b>414.24</b>	206.88
Loans, Other Deposits	—	—	<b>221.38</b>	183.55
Others	—	—	<b>0.06</b>	2.38
	—	—	<b>675.94</b>	454.58
<b>Total</b>	—	155.00	<b>675.94</b>	454.58



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 15. Trade receivables (Unsecured)

(Rs in Lacs)

		Non Current		Current	
		As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>					
Considered good		—	—	295.03	157.54
Considered doubtful		—	—	—	—
		—	—	295.03	157.54
Provision for doubtful receivables		—	—	—	—
	(A)	—	—	295.03	157.54
Other receivables (considered good)	(B)	—	—	1,214.71	1,114.30
<b>Total</b>	<b>(A+B)</b>	—	—	<b>1,509.74</b>	<b>1,271.84</b>

### 16. Inventories (valued at lower of cost and net realizable value)

(Rs in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Raw materials and components [includes in transit and pledged Rs 2,148.98 Lacs (Rs 1,382.09 Lacs)]	9,470.82	6,780.35
Stores, Spares & Consumables	1,839.62	1,664.05
Finished goods	661.88	609.41
Stock under process	445.96	475.67
<u>At estimated net realisable value</u>		
Saleable Scraps	229.81	279.44
<b>Total</b>	<b>12,648.09</b>	<b>9,808.93</b>


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**17. Cash and bank balances**

(Rs in Lacs)

	<b>Non Current</b>		<b>Current</b>	
	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	—	—	<b>111.15</b>	41.43
On unpaid dividend account	—	—	<b>60.11</b>	43.71
Cash in hand	—	—	<b>22.45</b>	48.55
<b>(A)</b>	<u>—</u>	<u>—</u>	<u><b>193.71</b></u>	<u>133.70</u>
<b>Other bank balances</b>				
Margin money deposit #	—	155.00	<b>584.51</b>	445.01
	<u>—</u>	<u>155.00</u>	<u><b>584.51</b></u>	<u>445.01</u>
Amount disclosed under non-current assets (Note no. 14)	<b>(B)</b>		—	—
	—	(155.00)	—	—
<b>Total</b>	<b>(A+B)</b>	<u>—</u>	<u><b>778.22</b></u>	<u>578.71</u>

# Fixed deposits are pledged with banks as security against guarantees / letters of credit issued by them.

# Fixed deposits of Rs. 14.30 lacs (34.20 lacs) having maturity of less than three months.

**18. Revenue from operations**

(Rs in Lacs)

**Revenue from operations**

	<b>2014-15</b>	<b>2013-14</b>
Sale of products		
Finished goods	<b>84,165.71</b>	77,732.98
Saleable Scraps	<b>476.80</b>	239.85
Export Benefits	<b>3,052.76</b>	3,096.67
Other operating revenue		
Scrap sales	<b>243.19</b>	122.41
<b>Revenue from operations (gross)</b>	<b>87,938.46</b>	<b>81,191.91</b>
Less: Excise duty	<b>3,152.99</b>	2,931.16
<b>Total Revenue from operations (net)</b>	<u><b>84,785.47</b></u>	<u><b>78,260.75</b></u>



**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**

		(Rs in Lacs)
	<u>2014-15</u>	<u>2013-14</u>
<b>19. Other income</b>		
Interest income on		
Bank deposits	47.07	66.72
Long-term investments	184.80	184.80
Loan, advances, deposits etc	196.75	157.78
Others	50.92	0.99
Insurance Claims	10.02	22.28
Profit on sale of Raw Material	42.97	—
Profit on sale of fixed assets	682.52	—
Items pertaining to Previous Years (net)	0.57	-
Unspent liabilities no longer required written back	1,007.97	369.59
Profit on sale of investments (net)	—	48.98
Gain on Foreign Exchange Fluctuation (net)	1,143.90	—
Dividend	—	0.63
Others	14.58	16.37
<b>Total</b>	<b>3,382.07</b>	<b>868.14</b>
		(Rs in Lacs)
	<u>2014-15</u>	<u>2013-14</u>
<b>20 Cost of raw materials consumed</b>		
Inventory at the beginning of the year	6,780.35	6,873.69
Add: Purchases	30,013.78	23,123.24
	36,794.13	29,996.93
Less: Inventory at the end of the period	9,470.82	6,780.35
Cost of raw materials consumed	27,323.31	23,216.58
<b>a) Details of raw materials consumed</b>		
Chrome Ore (including own generation/briquetted)	13,315.37	9,751.38
Coal and Coke etc.	9,864.98	10,832.64
Carbon Paste	765.05	670.10
Quartz	697.79	569.33
Magnesite	406.24	196.59
Dolomite	319.42	428.73
Others (Including handling charges)	1,954.47	783.01
	27,323.31	23,231.78

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****21. (Increase) / decrease in inventories**

(Rs in Lacs)

	<b>2014-15</b>	<b>2013-14</b>
<b>Inventories at the end of the year:</b>		
Stock under process	<b>445.96</b>	475.67
Finished goods	<b>661.88</b>	609.41
Saleable Scraps	<b>237.61</b>	279.44
	<b>1,345.45</b>	1,364.52
<b>Inventories at the beginning of the year:</b>		
Stock under process	<b>475.67</b>	337.30
Finished goods	<b>609.41</b>	1,272.70
Saleable Scraps	<b>279.44</b>	258.06
	<b>1,364.52</b>	1,868.06
Less: (Increase)/decrease of excise duty on inventories	<b>(3.47)</b>	29.30
<b>Total</b>	<b>22.54</b>	474.24

21.1 Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

**22. Employee benefits expense**

(Rs in Lacs)

	<b>2014-15</b>	<b>2013-14</b>
Salaries, wages and bonus	<b>5,303.74</b>	4,356.22
Contribution to provident and other funds	<b>246.93</b>	342.47
Gratuity expense	<b>212.45</b>	86.41
Staff welfare expenses	<b>436.81</b>	249.84
<b>Total</b>	<b>6,199.93</b>	5,034.94

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****23. Other Expenses**

(Rs in Lacs)

	<b>2014-15</b>	<b>2013-14</b>
Consumption of stores and spares	<b>2,196.64</b>	1,831.92
Contract Labour Charges	<b>1,275.86</b>	873.55
Packing and Carriage charges	<b>4,182.54</b>	2,722.60
Rent & Hire Charges	<b>338.90</b>	174.33
Rates and taxes	<b>112.73</b>	84.52
Insurance	<b>93.53</b>	65.68
Repairs and maintenance		
Plant and machinery	<b>678.04</b>	365.38
Buildings	<b>88.25</b>	98.26
Others	<b>298.77</b>	90.38
Commission on Sales & Purchase (other than sole selling agent)	<b>363.55</b>	636.06
Travelling and conveyance	<b>2,069.47</b>	1,552.49
Charity and Donations	<b>17.61</b>	32.19
Communication costs	<b>178.90</b>	127.85
Legal and professional fees	<b>2,503.68</b>	2,126.56
Directors' sitting fees	<b>16.51</b>	14.11
Auditors' Remuneration as auditor:		
Audit fee	<b>30.00</b>	25.00
Limited review fee	<b>24.00</b>	22.50
Tax audit fee	<b>7.00</b>	6.50
In Other Capacity for Certification	<b>14.00</b>	9.00
Reimbursement of Expenses to auditor	<b>1.58</b>	2.01
Items pertaining to Previous Years (net)	<b>—</b>	43.65
Loss on sale of investments	<b>490.00</b>	—
Corporate Social Responsibility Expenses *	<b>114.11</b>	67.28
Site Development Expenses	<b>112.95</b>	105.33
Loss on Foreign Exchange Fluctuation (net)	<b>—</b>	1,184.77
Bad debts / advances written off [(Net of adjustment of Rs Nil lacs (Rs 27.83 lacs) against provision)]	<b>212.91</b>	1,394.40
Provision for doubtful debts and advances	<b>244.94</b>	500.00
Loss on sale/Discard of fixed assets (net)	<b>196.15</b>	0.14
Miscellaneous expenses	<b>1,296.72</b>	1,292.47
<b>Total</b>	<b>17,159.34</b>	<b>15,448.93</b>

\* Out of CSR expenditure of Rs. 114.11 lacs required to be incurred under section 135 of Companies Act, 2013, company has incurred expenditure of Rs.46.82 lacs during the year.

**24. Depreciation & amortization expense**

Depreciation of tangible assets	<b>6,571.06</b>	6,580.96
Amortization of intangible assets	<b>214.55</b>	168.94
	<b>6,785.61</b>	6,749.90
Less: Recoupment from Revaluation Reserve [refer note 4(c)]	<b>(4,679.23)</b>	(4,865.36)
	<b>2,106.38</b>	1,884.54

**25. Finance costs**

Interest		
— To Banks [Net of recoveries Rs 401.99 lacs (Rs 573.20 lacs)]	<b>1,578.00</b>	1,156.98
— To Others	<b>1,345.21</b>	2,375.73
Other borrowing cost	<b>487.62</b>	278.16
Exchange difference to the extent considered as an adjustment to borrowing costs	<b>5.59</b>	34.74
	<b>3,416.42</b>	3,845.61

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**

26. Contingent liabilities not provided for in respect of:		(Rs in Lacs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
a) Sales tax matters under appeal {Amount paid under appeal Rs 65.31 lacs (Rs.21.31 lacs)}*	479.76	36.86
b) Entry tax matters {Amount paid under appeal Rs 34.88 lacs (Rs. 18.71 lacs)}*	219.46	117.57
c) Excise / Service tax matters {Amount paid under appeal Rs 23.14 lacs (Rs. 10.83 lacs)}*	1,228.43	1,200.79
d) Un-expired Bank Guarantees and Letters of Credit	863.01	636.89
e) Bills discounted with Banks	4,035.66	5,447.53

\* In respect of above cases based on favorable decisions in similar cases the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

**27. Capital and other commitment:**

Estimated amount of Capital commitments (Net of Advances) Rs 4,431.76 lacs (Rs 1684.81 lacs)

28. The Income-Tax Assessments of the Company have been completed up to Assessment Year 2012-13. The disputed demand for the assessment year 2012-13 is Rs.31.83 lacs. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
29. Deputy Director of Mines (DDM), Jajpur, Odisha issued a demand notice for Rs. 487.80 lacs towards payment of additional Royalty, as pointed out by Accountant General, for adopting wrong method of calculation of royalty by DDM for period December, 2009 to January, 2011. The company holds the view that the payment of royalty is correctly calculated and made. The Company has filed revision petition before revisional authority under section 30 of the MMDR Act, Challenging demand and the demand has been stayed by the authority. Based on the advise of external legal counsel, the company believes that demand being legally unjustifiable, company does not expect any liability in above matter.
30. Demand notices has been issued by Deputy Director of Mines, Jajpur road, Odisha amounting to Rs. 35,876.97 Lacs for the excess extraction over the quantity permitted under the mining plan/ scheme, environment clearance or consent to operate from SPCB, Odisha, during the period 2000-01 to 2007-08. The demand notices has been issued under Section 21(5) of the Mines & Minerals (Development and Regulations) Act (MMDR Act). However, the MMDR Act specifies that demand can be raised only when the land is occupied without lawful authority. The Company is of the view that Section 21(5) of the MMDR Act is not applicable as the mining is done under the approval of the State Government and accordingly the Company has filed revision application and has been granted the Stay by Revisionary authority, based on the advice of external legal counsel, the Company believes that demand being legally unjustifiable; the Company does not expect any liability in above matter.
31. Demand notice has been issued by State Trading Corporation of India (STC) amounting to Rs. 9,277 lacs towards the recovery of its alleged dues from the Company. The Company has not accepted the above liability and challenged the demand notice in the court. Further the Company has invoked the Arbitration clause mentioned in the agreement entered with STC. Presently, the matter is subjudice and pending before the court for final disposal. Out of abundant caution and prudence Company has accounted for but without admitting an amount of Rs.5,855 lacs towards the disputed liability as on 31st March 2015, based on the information provided for STC in public domain. Pending outcome of the court decision and based on discussion with external legal counsel, no further provision has been made towards above demand.
32. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and raised total claim for Rs 20,099.05 lacs (including delayed payment surcharge). The matter of revocation of settlement is pending with Honourable High Court of Orissa. The Company has paid & provided Rs 3,400 lacs in earlier years towards such claims and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court decision and based on discussion with Company's legal counsel, no further provision has been made towards above demand.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**

33. As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	(Rs. in Lacs)	
	2014-15	2013-14
Employer's Contribution to Provident Fund	194.11	170.15
Employer's Contribution to Superannuation Fund	8.13	118.92

**Defined Benefit Plan**

The employee's gratuity funds scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan.

- (a) Expenses recognized in the statement of profit and loss for respective years are as follows:

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2014-15)	(2013-14)	(2014-15)	(2013-14)
Current service cost	87.14	71.53	55.17	38.01
Interest cost on benefit obligation	62.53	50.26	27.28	21.65
Expected return on plan assets	(19.59)	(15.68)	—	—
Net actuarial (Gain)/losses	82.38	(22.02)	87.34	26.92
<b>Net benefit expense</b>	<b>212.46</b>	<b>84.09</b>	<b>169.79</b>	<b>86.58</b>
Actual return on plan assets	19.59	17.84	—	—

- (b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Defined benefit obligation	892.86	698.58	438.92	342.02
Fair value of plan assets	226.80	218.76	—	—
Net liability	666.06	479.82	438.92	342.02

- (c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2014-15)	(2013-14)	(2014-15)	(2013-14)
Opening defined benefit obligation	698.58	621.74	324.02	287.41
Interest cost	62.53	50.26	27.28	21.65
Current service cost	87.14	71.53	55.17	38.01
Benefit paid	(37.77)	(25.09)	(54.89)	(49.97)
Actuarial (Gain)losses	82.38	(19.86)	87.34	26.92
<b>Closing defined benefit obligation</b>	<b>892.86</b>	<b>698.58</b>	<b>438.92</b>	<b>324.02</b>


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**

- (d) Changes in the fair value of plan assets during respective years are as follows:

Particulars	(Rs in Lacs)	
	Gratuity (Funded)	
	(2014-15)	(2013-14)
Opening fair value of plan assets	218.76	179.18
Expected return on plan assets	19.59	15.68
Contribution by the Company	26.22	46.83
Benefits paid	(37.77)	(25.09)
Actuarial (losses)/Gains	—	2.16
Closing fair value of plan assets	226.80	218.76

- (e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity plan assets as at	
	31st March, 2015	31st March, 2014
Investments with insurer	100 %	100 %

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

- (f) Actuarial assumptions

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Mortality Table				
Discount Rate (per annum)	7.81%	9.20%	7.81%	9.20%
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%
Expected Return on Plan Assets (per annum)	9.20%	9.25%	Not Applicable	

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

- (g) Amounts recognised in current year and previous four years

Particulars	(Rs in Lacs)				
	(2014-15)	(2013-14)	(2012-13)	(2011-12)	(2010-11)
Defined benefit obligation	892.86	698.58	621.74	525.51	507.97
Fair value of plan assets	226.80	218.76	179.18	277.94	181.98
Deficit	666.06	479.82	442.56	247.57	325.99
Experience adjustments on plan liabilities - (gains)/losses	(31.53)	(50.18)	129.13	(1.49)	0.83
Experience adjustments on plan assets - (gains)/losses	0	2.16	(3.32)	2.40	2.52

- (h) The Company expects to contribute Rs. 215 lacs (Rs 100 lacs) to gratuity fund in the year 2015-2016.



## BALASORE ALLOYS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

#### 34. Segment Information

##### (a) Primary Segments:

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is mainly engaged in the Manufacturing/Mining of Ferro alloys. All activity of the company revolves around this main business. As such, there are no separate reportable segments as per the Accounting Standard 17 (Segment Reporting).

##### (b) Secondary Geographical Segments

	(Rs in Lacs)	
<b>Sales Revenue :-</b>	<b>2014-15</b>	<b>2013-14</b>
Domestic Revenues (Net of Excise Duty)	<b>22,247.66</b>	23,979.17
Overseas Revenues (Including Export Benefits)	<b>62,537.80</b>	54,281.58
<b>Total</b>	<b>84,785.46</b>	<b>78,260.75</b>

The Company has common fixed assets in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. The year-end balance of overseas trade receivables is Rs 1,224.33 lacs (Rs 1,066.39 lacs) & Domestic trade receivable is Rs.258.41 lacs (Rs.205.45 lacs).

#### 35. Derivative Instruments & Un hedged foreign currency Exposure :

##### (i) For Hedging of Foreign Trade Receivable

Nominal amounts of Forward contract entered into by the company and outstanding as on 31st March 2015 amounting to Rs. 12,500.00 lacs (Rs. 8,987.25Lacs)

##### (ii) Foreign currency exposure that are not hedged by derivative instruments are as under : -

<b>Sr. Particulars No.</b>	(Rs in Lacs)	
	<b>As at 31st March 2015</b>	<b>As at 31st March 2014</b>
(i) Loans and advances	<b>27.38</b>	0.79
(ii) Trade Payables	<b>2,765.36</b>	495.40
(iii) Short-term borrowings	<b>2,790.41</b>	1,081.57
(iv) Other current liabilities	<b>696.96</b>	665.67
(v) Cash and Bank Balances	<b>0.06</b>	6.09



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****36. Related Party Disclosures**

As per accounting standard 18, the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Associate Company	Balasore Energy Limited
Key Management Personnel and their relative	Mr. Pramod Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. Anil Sureka (Managing Director) Mr R K Parakh (Whole-time Director) Mr Anshuman Bhanja ( Whole-time Director wef 7th Nov'14)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) Limited Dankuni Investment Limited Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd Ispat Profiles India Ltd

\* The parties stated above are related parties in the broader sense of the term and are included for making the financial statements more transparent.

**Transactions during the year with related parties:**

(Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial Personnel and their Relatives are able to exercise significant influence	Total
1	Loan Given	— —	1,917.00 —	1,917.00 —
2	Taken/(Repaid) Advances towards Promoter Contributions	— —	(19,405.00) —	(19,405.00) —
3	Sale of Finished Goods	— —	88.50 140.85	88.50 140.85
4	Interest Received on investment in debentures, interest bearing advances & Loans	— —	17.09 82.80	17.09 82.80
5	Rent	— —	86.40 76.80	86.40 76.80
6	Managerial Remuneration	221.28 181.47	— —	221.28 181.47
7	Advance Received back	— —	5.00 —	5.00 —
8	Subscription of Share Capital Including Premium	— —	1,056.00 —	1,056.00 —



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 36. Related Party Disclosures (contd.)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial Personnel and their Relatives are able to exercise significant influence	Total
9	Guarantees to be obtained	<b>19,795.29</b> 24,526.56	— —	<b>19,795.29</b> 24,526.56
	<b>Balance as at 31st March, 2015</b>			
10	Investments	— —	— 690.00	— 690.00
11	Advance including(interest receivable)	— —	— 29.37	— 29.37
12	Long term borrowings-Advances towards promoter contribution	— —	— 19,405.00	— 19,405.00
13	Deposits	— —	<b>711.50</b> 711.50	<b>711.50</b> 711.50
14	Trade & other Payable	— 0.15	<b>15.73</b> 7.36	<b>15.73</b> 7.51
15	Advance from Customer	— —	<b>52.23</b> 141.65	<b>52.23</b> 141.65
16	Money received against share Warrants	— —	— 264.00	— 264.00
17	Loans including Interest receivable	— —	<b>1,931.97</b> —	<b>1,931.97</b> —

Note : Figures in Italic represents Previous Year's amounts.

#### Disclosure in Respect of Material Related Party Transactions during the year:

1. Loan given to Ispat Profiles India Ltd. Rs: 1917.00 lacs (Previous year Rs: Nil )
2. Repayment of Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited Rs:10,169.00 Lacs (Previous Year Rs: Nil) and Jal tarang Vanijya Pvt Limited Rs:9,236 Lacs (Previous Year Rs: Nil).
3. Sale of Finished Goods Include sales made to Gontermann-Peipers (India) Limited Rs: 88.50 lacs (Previous Year Rs: 140.85 Lacs).
4. Interest received on Investments in debentures & interest bearing advances & loans include Shakti Chrome Limited Rs: 2.11 Lacs (Previous Year Rs: 82.80 lacs) & Ispat profiles India limited Rs 14.97 Lacs (Previous year Rs: Nil).
5. Rent includes Navdisha Real Estate Private Limited Rs: 86.40 lacs (Previous Year Rs: 76.80 lacs).
6. Managerial Remuneration includes Mr. Anil Sureka Rs: 143.89 lacs (Previous Year Rs: 132.65 lacs), Mr. R K Parakh Rs. 56.82 lacs (Previous Year Rs. 40.09 lacs) and Mr. Ansuman Bhanja Rs:20.57 Lacs ( Previous Year Rs: Nil )
7. Advance received back from Navoday Consultant Limited Rs: 5.00 Lacs ( Previous year Rs :Nil )
8. Subscription of Share capital (Including Premium) includes subscription by Dankuni investment limited Rs: 528 lacs (Previous Year Nil) & Navodya consultants Ltd Rs: 528 Lacs (Previous Year Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****36. Related Party Disclosures (contd.)**

9. Guarantees to be obtained include Mr. Pramod Mittal Rs: 9,897.64 lacs (Previous Year Rs: 12,263.28 lacs) and Mr. V K Mittal Rs: 9,897.64 (Previous Year Rs: 12,263.28 lacs).
10. Investments include Shakti Chrome Limited Rs. Nil ( Previous Year Rs. 690 lacs)
11. Advance including (Interest Receivable) Shakti Chrome Limited Rs: Nil (Previous Year Rs: 24.37 lacs), Navoday Consultants Limited Rs: Nil (Previous Year Rs: 5.00 Lacs)
12. Long Term Borrowings- Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited Rs. Nil (Previous Year Rs: 10,169 lacs) and Jaltarang Vanijya Pvt Limited Rs: Nil (Previous Year Rs: 9,236 lacs).
13. Deposits include Navdisha Real Estate Private Limited Rs.711.50 lacs (Previous Year Rs. 711.50 lacs).
14. Trade & other Payables include Mr. Anil Sureka Rs. Nil (Previous Year Rs 0.15 lacs) and Navdisha Real estate Pvt. Ltd. 15.73 Lacs (Previous year Rs. 7.36 lacs).
15. Advance from customers includes Gontermann-Peipers (India) Limited Rs. 52.23 Lacs (Previous year Rs. 141.65 Lacs)
16. Money received against share warrants includes Dankuni Investment Ltd Rs. Nil ( Previous Year Rs. 132 Lacs ) & Navoday Consultants Limited Rs Nil (Previous Year Rs . 132 Lacs)
17. Loans Including Interest receivable represents Ispat Profiles India Limited Rs . 1931.97 Lacs (Previous Year Rs. Nil )

**37. Basis for calculation of Basic and Diluted Earnings per Share is as follows:**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Present Weighted Average Equity Shares (In Numbers )	<b>70,601,096</b>	64,290,411
Equivalent Weighted Average Equity Shares to be allotted against share warrant (In Numbers )	—	52,65,534
Potential weighted Average Equity Shares (In Numbers )	<b>70,601,096</b>	69,555,945
Net Profit after Taxes ( Rs. In Lacs)	<b>2,916.92</b>	4,589.86
Nominal Value of each Shares (In Rs. )	<b>5/-</b>	5/-
Basic Earnings Per Share (In Rs.)	<b>4.13</b>	7.16
Diluted Earnings Per Share (In Rs.)	<b>4.13</b>	6.61

38. During the current period, lenders have computed the recompense liability of Rs. 6,275.72 Lacs for the period from 1st April, 2004 till 30th Nov, 2014, as approved by Corporate Debt restructuring (CDR) Empowered Group (EG).Based on such approvals, during the year ended, provision of Rs. 4,367.31 Lacs has been made towards the balance recompense payable for the period upto 31st March, 2014 which has been shown as exceptional item. Subsequently, company has issued non-convertible debentures against the recompense payable to its lenders aggregating to Rs. 4,685.72 Lacs and balance amount of Rs. 1,590 Lacs was paid from time to time

Further CDR EG in its meeting dated 26th March, 2015 has given direction that company stands exited from CDR system.



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 39. Additional Information, as required under schedule III to the Companies Act, 2013 of enterprises Consolidated as subsidiary / Associates

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated net assets	Amount (Rs in Lacs)	As % of Consolidated net assets	Amount (Rs in Lacs)
<b>Parent</b>				
Balasore Alloys Limited	99.20	89,892.15	100.25	2,924.09
<b>Subsidiaries</b>				
Milton Holdings Limited	0.82	742.49	(0.09)	(2.66 )
Balasore Metals Pte. Limited	(0.02)	(18.69)	(0.15)	(4.38)
<b>Associates (Investments as per the equity method)</b>				
Balasore Energy Limited	(0.00)	(1.51)	(0.00)	(0.13)

### ANNEXURE -A

#### Salient features of financial statements of Subsidiary/ Associates as per Companies Act, 2013.

##### Part "A" Subsidiaries

(Rs in Lacs except % of Shareholdings)

Sl. No.	Name of the Subsidiary Company	Milton Holdings Ltd.	Balasore Metals Pte Ltd.
1	The Financial year of the Subsidiary Company ended on	31st March' 2015	31st March' 2015
2	Exchange rate	1 USD=INR 62.59	1 USD=INR 62.59
3	Equity Share Capital (Issued, Subscribed & Paid Up)	2,194.83	0.00 **
4	Reserves & Surplus (incl. debit balance in Profit & Loss Account)	742.50	(18.68)
5	Total Assets	2,944.20	3.46
6	Total Liabilities	6.87	22.14
7	Investments	-	-
8	Turnover	-	-
9	Profit/(Loss) before Tax	(2.66)	(4.38)
10	Provision for taxation	-	-
11	Profit/( Loss) after taxation	(2.66)	(4.38)
12	% of Shareholding	100%	100%

\*\* The Holding Company holds the entire Equity Share Capital of 1 Ordinary, fully paid share having Face value of USD 1.00 amounting to USD 1.00.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****Part “B” Associate****Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Company**

Name of Associate	Share of Associates held by the company on the year end					Profit/ Loss for the year			
	Latest Audited Balance Sheet Date	No	Amount of Investment in Associates Rs. in Lacs	Extent of Holding %	Net worth attributable to Shareholding as per latest audited Balance Sheet Rs. in Lacs	Considered in Consolidation Rs. in Lacs	Not Considered in Consolidation	Description of how there is significant influence	Reason why the Associate is not Consolidated
Balasore Energy Limited	31.03.2015	17000	1.7	34%	0.19	(0.13)	—	Note-A	—

Note - A There is significant influence due to (%) of Share Capital.

The above statement also indicates performance and financial position of associate.

40. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

As per our attached report of even date

**For Chaturvedi & Shah**

Firm registration number: 101720W

*Chartered Accountants*

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : 27th May, 2015

For and on behalf of Board of Directors

Anil Sureka  
(Managing Director)  
DIN No.- 00058228

R K Parakh  
(Director - Finance)  
DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024


**BALASORE ALLOYS LIMITED**

## NOTES

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## BALASORE ALLOYS LIMITED

CIN: L27101OR1984PLC001354

Registered Office: Balgopalpur - 756020, Dist. Balasore, Odisha.

Website: [www.balasorealloys.com](http://www.balasorealloys.com); Email: [mail@balasorealloys.com](mailto:mail@balasorealloys.com)

Phone: +91-6782-275781-85 Fax: +91-6782-275724

### ATTENDANCE SLIP

Regd. Folio No. / DP ID & Client ID:	
Name and Address of the Shareholder:	
Joint Holder(s):	
Number of Equity Shares held:	

1. I hereby record my presence at the 27th Annual General Meeting of the Company being held on Tuesday, 29th September, 2015 at 9.30 a.m. at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Odisha.
2. Signature of the Shareholder / Proxy present \_\_\_\_\_
3. Shareholder / Proxy Holder wishing to attend the meeting must bring the Attendance slip, duly signed, to the meeting and hand it over at the entrance.
4. Shareholder / Proxy Holder desiring to attend the meeting may bring his / her copy of the Annual Report for reference at the Meeting.







## BALASORE ALLOYS LIMITED

CIN: L27101OR1984PLC001354

Registered Office: Balgopalpur - 756020, Dist. Balasore, Odisha.

Website: [www.balasorealloys.com](http://www.balasorealloys.com); Email: [mail@balasorealloys.com](mailto:mail@balasorealloys.com)

Phone: +91-6782-275781-85 Fax: +91-6782-275724

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered Address : .....

E-Mail ID : .....

Folio No. : .....

Client ID / DP ID : .....

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

1. Name: ..... E-Mail ID: .....

Address: .....

Signature: .....

OR failing him/her

2. Name: ..... E-Mail ID: .....

Address: .....

Signature: .....

OR failing him/her

3. Name: ..... E-Mail ID: .....

Address: .....

Signature: .....

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27th Annual General Meeting of the Company, to be held on Tuesday, 29th September, 2015 at 9.30 A.M. at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Odisha and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.		Resolutions	#	
Ordinary Business			For	Against
1	Adoption of the financial statement of the Company for the year ended on 31st March, 2015, together with the Reports of the Directors and Auditors thereon.			
2	Declaration of dividend on equity shares for the financial year ended on 31st March, 2015.			
3	Re-appointment of Mr. Pramod Kumar Mittal (DIN: 00772690) who retires by rotation, and being eligible, offers himself for re-appointment.			
4	Re-appointment of M/s Chaturvedi & Shah, Chartered Accountants as Statutory Auditors.			
Special Business				
5	Appointment of Mr. Ansuman Kumar Bhanja (DIN: 07008300) as Director.			
6	Appointment of Mr. Ansuman Kumar Bhanja (DIN: 07008300) as the Whole-time Director of the Company.			
7	Reappointment of Mr. R K Parakh (DIN: 00459699) as the Whole-time Director of the Company.			
8	Reappointment of Mr. Anil Sureka (DIN: 00058228) as the Managing Director of the Company.			
9	Issue of Convertible Warrants on preferential basis			
10	Ratification of remuneration of Cost Auditor of the Company for the financial year 2015-16.			
11	Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013.			

Signed this ..... day of ....., 2015

Signature of Shareholder(s) .....

Signature of Proxy Holders(s) .....

Affix  
revenue  
stamp

Notes:

1. This form of proxy in order to be effective should be completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement and Notes please refer to the Notice of the 27th Annual General Meeting.
3. # It is optional to put a 'X' in the appropriate column against the Resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

## ODISHA METALIFERROUS MINES SAFETY WEEK CELEBRATION 2014-15

Company's Chromite Mines receiving  
award at Annual Mines Safety week  
Celebration 2014-15 under aegis of  
DGMS, Bhubaneswar.



## AFFORESTATION - AVENUE PLANTATION

The Green and Clean Environment  
Programme of the Company is  
implemented through its Avenue  
Plantation activity undertaken from  
Mangalpur to Kuhnika in the peripheral  
areas of Kaliapani Chromite Mines of  
Sukinda Valley.



## UDAY 'THE RISING' PROGRAMME-TO SUPPORT PHYSICALLY CHALLENGED PERSON

The Company organised 'Uday'  
(The Rising) programme for physically  
challenged person, to make them  
self-dependent in the peripheral areas of  
Balasore Plant.

## BOOK POST

*If undelivered please return to:*

**MCS SHARE TRANSFER AGENT LIMITED**  
(Unit: Balasore Alloys Ltd.)  
12/1/5 Manoharpukur Road, Kolkata-700026