

# BALASORE ALLOYS LIMITED

28th  
CORPORATE  
REPORT



CREATING SUSTAINABLE VALUE FOR ALL STAKE HOLDERS

2015-16

## BEST CSR ACTIVITIES AWARD

The Company receiving 'Best CSR Activities' Award for outstanding CSR activities at National level Industrial Exhibition "EXPO ODISHA-2016" organised by MSME Development Institute, Govt. of India and Industries Department, Govt. of Odisha.



## ODISHA MINES SAFETY WEEK CELEBRATION 2015-16

Company's Chromite Mines received awards at 'Annual Mines Safety Week Celebration 2015-16' under aegis of Directorate General of Mines Safety (DGMS), Bhubaneswar.

## ODISHA MEMC WEEK CELEBRATION 2015-16

Company's Chromite Mines receiving second prize in Sedimentation and water management during Mining Environment and Mineral Conservation (MEMC) Week Celebration 2015-16 under aegis of Indian Bureau of Mines (IBM).







# 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 Janarthanam Govindasamy, *Director-Operations*

### NON-EXECUTIVE DIRECTORS

Dr A K Bhattacharyya

Mr S Mohapatra

Mr S K Pal

Prof S K Majumdar

Mr K P Khandelwal

Ms Mita Jha

### 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-Eighth 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 **Wednesday, 28<sup>th</sup> September, 2016, 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, 2016 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. R K Parakh (DIN: 00459699) 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 provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act 2013, read with Rules made thereunder, and pursuant to the resolution passed by the Members in the 26<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> 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. Janarthanam Govindasamy (DIN: 07356448), 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. Janarthanam Govindasamy (DIN: 07356448), 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 12<sup>th</sup> February, 2016 and who holds the office upto the date of this Annual General Meeting 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. Janarthanam Govindasamy 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. Janarthanam Govindasamy (DIN: 07356448), 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 Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, the recommendations of the Nomination & Remuneration Committee and the Board of Directors, 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. Janarthanam Govindasamy (DIN: 07356448) as the Whole-time Director of the Company designated as Director-Operations for a period of five years with effect from 12<sup>th</sup> February, 2016 till 11<sup>th</sup> February, 2021 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 12<sup>th</sup> February, 2016, entered into between the Company and Mr. Janarthanam Govindasamy, 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. Janarthanam Govindasamy 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. Appointment of Ms. Mita Jha (DIN: 07258314) as an Independent Director for a term of five years.**

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 Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force, Ms. Mita Jha (DIN: 07258314) who was appointed as an Additional Director under Section 161 of the Companies Act, 2013 with effect from 12<sup>th</sup> August, 2016 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 Ms. Mita Jha for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 12<sup>th</sup> August, 2016 and whose office shall not be liable to determination by retirement of Directors by rotation.”

**8. Ratification of remuneration of Cost Auditor of the Company for the financial year 2016-17**

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 ₹ 1,75,000/- (Rupees One Lac Seventy Five 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, 2017 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 30<sup>th</sup> May, 2016.

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.”

**9. Approval for revising borrowing limit of the Company under Section 180(1)(c) of the Companies Act, 2013**

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

“RESOLVED that pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and in supersession of the resolution passed by the members at the 26<sup>th</sup> Annual General Meeting of the Company held on 25<sup>th</sup> September, 2014 in this regard, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹2500 crores (Rupees Two thousand five hundred crores only).”

“RESOLVED FURTHER that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise whatsoever as it may think fit and to do all such acts, deeds and things as they may deem necessary to give effect to the above resolution including but not limited to the appointment of any manager / consultant or any other intermediary in respect of the above offerings and/or to execute all such documents, instruments and writings as may be required.”

**10. Approval for revision in mortgaging of properties of the Company under Section 180(1)(a) of the Companies Act, 2013.**

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

“RESOLVED pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and in supersession of the resolution passed by the members at the 26<sup>th</sup> Annual General Meeting of the Company held on

**NOTICE - (Contd.)**

25<sup>th</sup> September, 2014 in this regard, the consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) of such mortgages, charges, hypothecations, lien and / or pledge as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, to or in favour of financial institutions, foreign financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures / bonds and / or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans / foreign currency loans, debentures, bonds and other instruments of an outstanding aggregate value not exceeding ₹ 2500 crores (Rupees Two thousand five hundred crores only) together with interest thereon at the agreed rates of interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds entered / to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER that the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges, hypothecations, lien and / or pledge and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts, deeds or / and things and to execute all such documents including any agreement, memorandum of understanding etc. as may be necessary for giving effect to this Resolution."

By Order of the Board

Kolkata  
12<sup>th</sup> August, 2016

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

**IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 22<sup>nd</sup> September, 2016 to 28<sup>th</sup> September, 2016 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the dividend for the financial year 2015-16.
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 ₹ 0.60 per share has been recommended by the Board of Directors for the year ended 31st March, 2016 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and after 1<sup>st</sup> October, 2016.
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 Registrars 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 regulation 36 of the SEBI (LODR) Regulations, 2015 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 28<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map showing direction to reach the Venue of the 28th AGM 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 28<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map showing direction to reach the Venue of the 28th AGM is being sent in the permitted mode.
12. Members may also note that the Notice of the 28<sup>th</sup> Annual General Meeting and the Annual Report for 2015-16 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) Amendment Rules, 2015, 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 28<sup>th</sup> 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 along with the notice.



**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 12<sup>th</sup> February, 2016, appointed Mr. Janarthanam Govindasamy 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 169 of the Articles of Association of the Company, Mr. Janarthanam Govindasamy 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. Janarthanam Govindasamy for appointment as a Director of the Company.

The Board of Directors in its above meeting also appointed Mr. Janarthanam Govindasamy, as the Whole-time Director of the Company designated as Director-Operations for a period of five years with effect from 12<sup>th</sup> February, 2016 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 12<sup>th</sup> February, 2016. For the purpose, an agreement has been entered into by the Company with the Director-Operations on 12<sup>th</sup> February, 2016. The main terms and conditions of appointment of Director-Operations, as contained in the said agreement dated 12<sup>th</sup> February, 2016 are furnished below:

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

- (i) Basic Salary Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month. The annual increment shall be effective from 1<sup>st</sup> April each year and shall be decided by the Board on the basis of his performance.
- (ii) In addition to the above basic salary, Mr. Janarthanam Govindasamy shall also be entitled to perquisites and allowances in accordance with the rules of the Company and as approved by the Board of Directors. The details of his total salary are :-

(i) Basis Salary-	₹ 18,00,000 per annum
(ii) Perquisites - .	₹ 28,97,420 per annum
(iii) Others	₹ 3,02,580 per annum
	<hr/>
	₹ 50,00,000 per annum

- (iii) The Whole-time Director shall be entitled to leave according to the Rules of the Company in this regard.
- (iv) The Whole-time Director shall be liable to retire by rotation and his re-appointment at the AGM as a Director retiring by rotation would not constitute a break in his appointment as Whole-time Director.
- (v) 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. Janarthanam Govindasamy 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 12<sup>th</sup> February, 2016 referred to the above is available for inspection at the administrative office of the Company during normal business hours (1.00 P.M. to 5 P.M.) on all working days except Saturdays.

**Item Nos. 7**

The Board of Directors of the Company, at its meeting held on 12<sup>th</sup> August, 2016, appointed Ms. Mita Jha as an Additional Director of the Company with effect from that date. In terms of Section 161 of the Companies Act, 2013 (the 'Act') read with Article 169 of the Articles of Association of the Company, Ms. Mita Jha 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 Ms. Mita Jha for appointment as a Director of the Company.



**NOTICE - (Contd.)**

In terms of Section 149 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Mita Jha being eligible, offers herself for appointment and is proposed to be appointed as an Independent Director for five consecutive years, at the ensuing Annual General Meeting.

In the opinion of the Board, Ms Mita Jha fulfils the conditions specified in the Companies Act, 2013 read with relevant rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Mita Jha as an Independent Director setting out the terms and conditions of appointment would be available for inspection at the Administrative office of the Company during normal business hours (1.00 P.M. to 5 P.M.) on all working days except Saturdays.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Mita Jha as an Independent Director, for the approval by the shareholders of the Company.

Brief particulars of Ms. Mita Jha, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this notice.

Ms. Mita Jha does not hold any Equity shares in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Except Ms. Mita Jha, being the appointee and her relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned with or interested in, financial or otherwise, in the resolution set out at item no. 7 of the Notice. This explanatory statement may also be regarded as a disclosure under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. 8**

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, 2017 at a remuneration of ₹ 1,75,000/- (Rupees One Lac Seventy Five 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. 8.

**Item Nos. 9 & 10**

The members at the Annual General Meeting of the Company held on 25<sup>th</sup> September, 2014, had accorded their consent to the Board of Directors for borrowings up to Rs.1500 Crores under section 180(1)(c) of the Companies Act, 2013. In order to secure the borrowings made by the Company by suitable mortgage/ charge on all or any of the moveable and / or immovable properties of the Company, the Company in its Annual General Meeting held on 25<sup>th</sup> September, 2014 has granted necessary authorisation to the Board of Directors under Section 180(1)(a) of the Companies Act, 2013.

Your Company is continuously exploring opportunities for growth, expansion and modernization of its projects. The Company has already acquired the Ferro Chrome Business along with the Sukinda Plant of Jabamayee Ferro Alloys Limited providing the requisite inorganic growth to the Company. Organically, the Company is undertaking development of its underground mining in Kaliapani Chromite Mines at Sukinda. In addition to the above growth efforts, the company is also contemplating setting up of and/or investing in some Brownfield and/or Greenfield projects relating to the activities of the Company. Accordingly, it would be necessary for the Company to borrow more funds from various lending agencies, in excess of its existing limits of Rs. 1500 crores.



**NOTICE - (Contd.)**

It is, therefore, necessary for the members to pass Special Resolutions under Section 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013, as set out at Item No. 9 and 10 of the Notice, to enable the Board of Directors to borrow money upto Rs 2,500 Crores (Rupees Two thousand five hundred crores only) which is in excess of the aggregate of the paid up share capital and free reserves of the Company and for creation of security on assets.

Your directors recommend the resolutions at item no. 9 and 10 for approval of the shareholders by way of Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 9 and 10.

Kolkata  
12th August, 2016

By Order of the Board

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


**NOTICE - (Contd.)**
**ANNEXURE TO NOTICE**
**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 28TH ANNUAL GENERAL MEETING.**

Pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015

Name of Director	:	Mr. R K Parakh	Mr. Janarthanam Govindasamy	Ms. Mita Jha
Date of Birth	:	28.12.1967	21.07.1959	01.02.1968
Date of Appointment	:	17.11.2011	12.02.2016	12.08.2016
Qualifications	:	B.COM from Lucknow University and Chartered Accountant from ICAI.	BE Mechanical Engineering (Distinction), PG in Metallurgy, MBA (HR / Marketing & Operations)	Political Science Graduate & Masters in Personnel Management with an MBA (Gold Medalist) from Hull University, United Kingdom
Expertise in specific functional areas	:	Mr. R K Parakh is having more than 24 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, Kalpana Group of Industries etc.	Mr. Janarthanam Govindasamy is having more than 37 years of experience in Automobile OEM Companies like Ashok Leyland & Texmaco Indonesia, Automobile Auxiliaries like TVS, LPS etc and Engineering companies like BHEL, The KCP Ltd, Unitherm etc. Prior joining the Company, he worked in Gontermann-Peipers (India) Ltd. as Director (Operations).	Ms Mita Jha is having more than 20 years of diverse experience in Human Resource Management, Training, TQM in leading Multinational and Indian Organizations viz. Amcor Flexibles India Pvt. Limited, VLCC Health Care Limited, Franklin Templeton Asset Management (India) Private Limited etc.
List of Companies in which outside Directorship held	:	Patron Consultants Pvt. Ltd. Padamshree Capital Markets Pvt. Ltd. Sparck Industries India Pvt. Ltd.	Nil	Amcor Rigid Plastics India Pvt. Ltd. Amcor Flexibles India Pvt. Ltd.
Chairman/Member of the committees of the Board of other Companies in which he is a Director	:	Nil	Nil	Nil
Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any, in the Company.	:	Nil	Nil	Nil
Disclosure in terms of Regulation 36 (3)(c) of the SEBI (LODR) Regulations, 2015 : Disclosure of the relationships between Director inter-se	:	N.A.	N.A.	N.A.



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 28th Annual Report and the Company's audited accounts for the financial year ended 31st March, 2016.

**FINANCIAL PERFORMANCE**

The Company's financial performance, for the year ended 31st March, 2016 is summarized below:

(₹ in Lacs)

Particulars	Financial Year Ended			
	Standalone		Consolidated	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Total Income	84,470.59	88,166.37	84,473.57	88,167.54
Profit/(Loss) Before Interest, Depreciation & Tax (PBITD)	8,876.07	14,229.37	8,870.25	14,222.80
Finance Charges	3,151.37	3,539.77	3,151.37	3,540.24
Depreciation	2,225.95	2,106.38	2,225.95	2,106.38
Exceptional Items	-	4,367.31	-	4,367.31
Provision for Income Tax (Including for earlier years)	1,629.66	1,291.83	1,629.66	1,291.83
Share of Loss of Associate Company	-	-	0.20	0.13
Net Profit After Tax	1,869.09	2,924.09	1,863.08	2,916.92
Profit brought forward from Previous Years	23,873.02	22,506.20	23,832.71	22,473.08
Profit Carried to Balance Sheet	25,204.54	23,873.02	25,158.36	23,832.71

**STATE OF AFFAIRS OF YOUR COMPANY**

Despite the economy gaining momentum in 2015-16, the ferro alloy industry scenario in India as well as globally continued to remain subdued during the year under review. The subdued performance of the steel sector adversely impacted your Company's performance resulting in decline in revenues and profits.

Your Company's total income declined by 4.19% from ₹ 88,166.37 lacs in 2014-15 to ₹ 84,470.59 lacs in 2015-16. PBITD decreased by 37.62% from ₹ 14,229.37 lacs in 2014-15 to ₹ 8,876.07 lacs in 2015-16. The Profit for the Year declined by 36.08% from ₹ 2,924.09 lacs in 2014-15 to ₹ 1,869.09 lacs in 2015-16. Consequently, the earnings per share stood at ₹ 2.50 (basic) and ₹ 2.50 (diluted) for 2015-16 against ₹ 4.14 (basic) and ₹ 4.14 (diluted) for 2014-15.

**DIVIDEND**

Despite lower profits, the Board of Directors have recommended a 12% dividend on equity shares (Re. 0.60 per equity share, face value of ₹ 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 ₹ 46.73 lacs to the General Reserves.

**SHARE CAPITAL**

The paid up Equity Share Capital as on 31st March, 2016 was ₹ 3,944.52 lacs. The Committee for Preferential Issue of Warrants has allotted 80,00,000 (Eighty Lacs) Equity Shares to Jaltarang Vanijya Pvt. Ltd., being a Promoter Group Company on preferential basis at ₹ 5/- each at a premium of ₹ 12/- each on 31<sup>st</sup> March, 2016 pursuant to conversion of equivalent number of Warrants.

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

Fiscal 2015-16 was an important milestone in your Company's journey as we registered our highest ferro-alloy production at 1,22,626.53 MT against 1,11,475 MT in 2014-15, a 10% increase.

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 improving productivity and optimizing operational costs.

The mine team also raised their performance benchmarks to meet with the additional input demand from the manufacturing unit.

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

- In-plant initiatives for reducing energy and fuel consumption.
- Sale of 2,53,821 MT of slag which facilitated in conserving granite stone otherwise used in construction activities.

**EXPORT**

Your Company exported 88,537.50 MT valued at ₹ 61,186.12 Lacs in 2015-16 against 79,897 MT valued at ₹ 62,537.80 Lacs during 2014-15. Exports constituted 73.04% of your Company's turnover in 2015-16.

**BUSINESS EXCELLENCE DRIVE**

During the year, your Company took decisive steps in its business excellence journey. It institutionalized four key business excellence tools namely TPM, Lean Management, Six Sigma and BAL Q1 Quality Management System. For this, extensive in-class and shop-floor training was imparted to the entire team on their organizational relevance and accurate implementation.

The team's efforts in implementing these global techniques yielded heartening results. Productivity and product quality improved, asset utilization improved while wastages declined. Besides, disciplined preventive maintenance facilitated in improving equipment health. In 2015, the Company received the OHSAS 18001:2007 certification on Occupational Health & Safety Management System.

In its endeavour to emerge as a global conglomerate, your Company initiated the implementation of a comprehensive Business Excellence initiative based on the globally-accepted Malcolm Baldrige Quality Framework. The Company also initiated Integrated Management System (IMS) which integrates all business process across the value chain in addition to integrating the process involved in Management Initiatives and all forms of ISO Management System.

**INDUSTRY OUTLOOK**

Worldwide crude stainless steel production in 2015 totalled just over 41.5 million tonnes. This represents a decrease of 0.3%, compared with the peak figure, achieved in the previous year. MEPS predicts that global output will grow by around 1.1%, in 2016, to reach a new all-time high mark of 42 million tonnes.

Outturn fell, slightly, year-on-year, in most of the established stainless steel making countries and regions. Output in the developing nations continued to expand. It is forecast that production will recover, to return increased tonnages in 2016, in all areas, except China.

**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 through capacity balancing, process optimization and marginal capital investment - this should increase the operating capacity to 1,45,000 MT.

In addition, your Company has acquired Ferro Chrome business of Jabamayee Ferro Alloys Limited as a going concern on a slump sale basis. Further, Business Transfer Agreement (BTA) executed with Rohit Ferro Tech Limited for acquisition of its ferro alloys plant at Kalinganagar Industrial Complex, Dubri - 755 026 in Dist. Jajpur, Odisha as a going concern on slump sale basis was having a long stop date of 31st March, 2016, which has not been further renewed.

**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, among others. In addition, your Company is focused on maximizing its net realization through accurate market segmentation in the domestic and international markets by selling directly to the end user.

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

The available reserves for open cast mining in the Kaliapani Chromite Mines in Sukinda would continue for next six to seven years. For sustained business operations, the management is developing underground mining in Kaliapani Chromite Mines of Sukinda.

**DIRECTORS' REPORT (Contd.)**

A reputed international mining consultant "SRK Consulting" had 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")" had been also engaged for preparation of Detailed Design and Engineering for this proposed Underground Mining Project. The China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (NFC) is preparing the Project Feasibility study report for the Underground Mining Project which will facilitate financing of this state of art underground project from Chinese Banks.

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.

**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 HOLDING 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 ₹ 2,194.83.Lacs).

**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 ₹ 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.

**DIRECTORS' REPORT (Contd.)**

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 31.03.2016.

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

During the financial year ended March 31, 2016, your Company's transactions with all the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length basis. Your Company does not have a material unlisted subsidiary as under Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, your Company did not have any Related Party Transaction which required prior approval of the Shareholders.

All Related Party Transactions are placed before the Audit Committee for its prior approval. There has been no materially Significant Related party Transaction during the year under review, having potential conflict with the interest of the Company. Hence, disclosure in Form AOC-2 is not applicable. Further, Necessary disclosures required under the Accounting Standards (AS-18) have been made in the Notes to Financial Statements.

**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 1<sup>st</sup> 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.

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, 2017.

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 30, 2016, has approved the re-appointment of M/s. Shome & Banerjee as the Cost Auditors of the Company for the Financial Year 2016-17 to conduct audit of the Cost Records, maintained by the Company.

The Cost Audit Report for the Financial Year ended March 31, 2015 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, 2016 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 30, 2016, has approved the appointment of M/s Das & Prasad, as the Internal Auditor of the Company for the financial year 2016-17 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 30, 2016, has approved the appointment of M/s MKB & Associates as the Secretarial Auditor of the Company for the financial year 2016-17 to conduct the secretarial audit of the Company.



**DIRECTORS' REPORT (Contd.)**

Further, the Secretarial Audit Report covering the financial year ended as on 31st March, 2016 in Form No. MR-3, given by the company secretary in practice is annexed herewith as **Annexure-2**.

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 25<sup>th</sup> September, 2014, the Members of the Company appointed Mr. Shantanu Mohapatra (holding DIN 00176836), Mr. Sujit Kumar Majumdar (holding DIN 00177344), Mr. Susil Kumar Pal (holding DIN 00268527), Mr. Kashi Prasad Khandelwal (holding DIN 00748523) and Mr. Asish Kumar Bhattacharyya (holding 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 AND REGULATION 16 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

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 regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(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 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 regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company is required to have at least one Woman Director on its Board. The Company complies with the aforesaid requirement as Mrs. Vartika Mittal Goenka (holding DIN: 02451225), has been a Director of the Company till 29th May, 2016.

**(b) APPOINTMENT OF DIRECTORS**

The Board of Directors of the Company had appointed Mr. Janarthanam Govindasamy (holding DIN: 07356448), as Whole-time Director of the Company designated as Director - Operations w.e.f., 12th February, 2016.

**(c) RESIGNATION OF DIRECTORS:**

The Board of Directors accepted with deep regret the resignation of Mrs. Vartika Mittal Goenka w.e.f. 29<sup>th</sup> May, 2016, Mr. Mahesh Trivedi w.e.f. 12<sup>th</sup> February, 2016 and Mr. Ansuman Kumar Bhanja, from the post of Director-Operations of the Company, w.e.f. 14<sup>th</sup> November, 2015.

**(d) RETIREMENT BY ROTATION:**

As per the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. R K Parakh (DIN: 00459699) 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.

**DIRECTORS' REPORT (Contd.)****III. KEY MANAGERIAL PERSONNEL**

The Board of Directors at its meeting held on 20<sup>th</sup> 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, Managing Director, Mr. R K Parakh, 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 Janarthanam Govindasamy (holding DIN: 07356448), as Whole-time Director of the Company designated as Director - Operations w.e.f., 12<sup>th</sup> February, 2016.

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

During the financial year ended 31<sup>st</sup> March, 2016, Six 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**

Pursuant to Section 149, Schedule IV of the Companies Act 2013 and regulation 25 of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors was held on 26<sup>th</sup> March 2016. 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-3**.

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-4** 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' 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 31<sup>st</sup> March, 2016, 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; and
- (iv) the directors have prepared the annual accounts of the Company on a 'going concern' basis.
- (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 Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

**DIRECTORS' REPORT (Contd.)****CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out in Regulation 17 of the SEBI (LODR) Regulations, 2015. The Report on corporate governance as stipulated in Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015 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 under Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015, 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 Regulation 17 of the SEBI (LODR) Regulations, 2015 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 31<sup>st</sup> March, 2016. The said certificate forms an integral part of annual report.

**PERFORMANCE EVALUATION**

Pursuant to the provisions of requirements of Section 149, Schedule IV of the Companies Act, 2013 and regulation 25 of SEBI (LODR) Regulations, 2015, 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 regulation 19 of the SEBI (LODR) Regulations, 2015, 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



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

there under and the SEBI (LODR) Regulations, 2015. The said policy may be referred to, at the Company's website at the weblink: <http://www.balasorealloys.com/upload/media/Investors/Policy/Remuneration%20Policy%20--%20Final.pdf>

### **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 Regulation 22 of the SEBI (LODR) Regulations, 2015. 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 of 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://www.balasorealloys.com/upload/media/code/Whistle%20Blower%20Policy%20-%20Final.pdf>

### **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.

#### **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 shareholder 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**

Balasore Alloys has been at the forefront in extending benefits of 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.





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

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://www.balasorealloys.com/upload/media/CSR/CSR\\_Policy\\_Final.pdf](http://www.balasorealloys.com/upload/media/CSR/CSR_Policy_Final.pdf)

The Annual Report on CSR for the financial year 2015-16 as required under the Companies (Corporate Social Responsibility) Rules, 2014 has been appended as **Annexure - 7** to this Report.

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

The Company in its meeting held on 20<sup>th</sup> 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://www.balasorealloys.com/upload/media/code/Policy%20on%20Related%20Party%20Transaction.pdf>

### **POLICY ON PRESERVATION AND ARCHIVING OF THE DOCUMENTS**

The Company in its meeting held on 14<sup>th</sup> November, 2015 had approved the policy on preservation and archiving of the documents. The policy ensures safe-keeping of the records and safeguard of the documents from getting manhandled, while at the same time avoiding superfluous inventory of documents.

### **POLICY TO DETERMINE THE MATERIAL EVENTS**

The Company in its meeting held on 14<sup>th</sup> November, 2015 had approved the Policy to determine the material events or information. The Policy to determine the material events or information provides the guidelines for proper, sufficient and timely disclosure of the material events or information to the Stock Exchange(s) and / or any other regulatory authorities.

### **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 31<sup>st</sup> March, 2016 in Form MGT 9 is annexed hereto as **Annexure-5** 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 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. The continuous dialogue sessions with the office bearers of union, prompt grievance redressal and implementation of employees' friendly welfare scheme has been institutionalized. A congenial productive atmosphere has been created through mutual trust and transparency between the management and the union. Your company always remains vigilant to capitalize on talent pool in order to promote performance driven work culture, both within and outside the organization.



## BALASORE ALLOYS LIMITED

### DIRECTORS' REPORT (Contd.)

#### 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 2015-16 are mentioned below:

1. Second prize in Sedimentation and water management during Mining Environment and Mineral Conservation Week 2015-16 Celebrated under aegis of Indian Bureau of Mines, Bhubaneswar.
2. Award won by the our Kaliapani Sukinda Mines during Annual Mines Safety week celebration 2015-16 held under aegis of Directorate General of Mines Safety, Bhubaneswar Region.
3. Greentech CSR Award - 2015 in Metal and Mining sector organised by Greentech Foundation for the outstanding performance in the field of its Corporate Social Responsibility and initiation for Environmental Conservation.
4. Best CSR Award was presented to Balasore Alloys Ltd. for the outstanding CSR activities at National level Industrial Exhibition "EXPO ODISHA-2016 organised by , MSME Development Institute, Govt. of India, Cuttack, MSME Department, Govt. Of India.
- b. The company awarded as 2<sup>nd</sup> Runner Up in 21<sup>st</sup> NALCO All Odisha Quality Circle (Kaizen) Convention in the "Meritorious Category" organized by NALCO at Bhubaneswar.
6. Balasore plant is certified with QMS, EMS, OHSAS & EnMS (ISO 9001, ISO 14001, OHSAS 18001, ISO 50001) in the discipline of Quality, Environment, Occupational Health & Safety and Energy.
7. Company's Sukinda Mine is certified with QMS, EMS, OHSAS & SA (ISO 9001, ISO 14001, OHSAS 18001 & SA 8000) in the discipline of Quality, Environment, Occupational Health & Safety and Social Accountability.

#### 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-6** 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.

#### 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.

For and on behalf of the Board

Kolkata  
30th May, 2016

**Anil Sureka**  
Managing Director  
DIN: 00058228

**Asish K. Bhattacharyya**  
Director  
DIN: 00799039

**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**

(₹ 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 65.46	1USD = INR 65.46
3.	Share capital (Issued, Subscribed & Paid Up)	2194.83	0.00*
4.	Reserves & surplus (incl. debit balance in Profit & Loss Account)	918.74	-26.32
5.	Total assets	3,119.61	4.66
6.	Total Liabilities	6.04	30.98
7.	Investments	-	-
8.	Turnover	-	-
9.	Profit / Loss before taxation	0.63	-6.44
10.	Provision for taxation	-	-
11.	Profit after taxation	0.63	-6.44
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.**

**For and on behalf of the Board**

Kolkata  
30<sup>th</sup> May, 2016

**Anil Sureka**  
Managing Director  
DIN: 00058228

**Asish K. Bhattacharyya**  
Director  
DIN: 00799039

**BALASORE ALLOYS LIMITED****DIRECTORS' REPORT (Contd.)****Part "B":****STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES**

<b>Sl. No.</b>	<b>Name of Associates</b>	<b>Balasore Energy Limited</b>
1.	Latest audited Balance Sheet Date	31st March, 2016
2.	Shares of Associate held by the company on the year end	
	- No. of Shares	17000
	- Amount of Investment in Associates (₹ 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 (₹ in Lacs)	-0.01
6.	Profit / Loss for the year	
	i. Considered in Consolidation (₹ in Lacs)	-0.20
	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.**

**For and on behalf of the Board**

Kolkata  
30<sup>th</sup> May, 2016

**Anil Sureka**  
Managing Director  
DIN: 00058228

**Asish K. Bhattacharyya**  
Director  
DIN: 00799039



**DIRECTORS' REPORT (Contd.)****Annexure - 2****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

*[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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016, 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 Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:
  - a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
  - b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - e) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
  - f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
  - g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws / acts are also, inter alia, applicable to the Company:
  - a) Mines Act, 1952
  - b) Mines and Minerals (Development & Regulation) Act, 1957 and Rules there under



**DIRECTORS' REPORT (Contd.)**

- 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

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. [Applicable from 1<sup>st</sup> July, 2015]
- b) The Listing Agreements entered into by the Company with BSE Limited and the Calcutta Stock Exchange Limited and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable from 1<sup>st</sup> December, 2015]

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

We 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.

We further report that subject to our observations above 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.

We further report that during the audit period the Company has passed a special resolution authorizing the Board to issue and allot 80,00,000 Convertible Warrants of nominal value of ₹ 5/- each. The Board of Directors of the Company pursuant to the said special resolution has converted 80,00,000 Convertible Warrants into 80,00,000 Equity Shares of ₹ 5/- at its meeting held on 31<sup>st</sup> March, 2016. We further report that during audit period there are no specific events/actions which have any major bearing on the Company's affairs.

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

For **MKB & Associates**  
Company Secretaries

**Manoj Kumar Banthia**  
[Partner]

ACS no. 11470  
COP no. 7596

Date: 30<sup>th</sup> May, 2016  
Place: Kolkata



**DIRECTORS' REPORT (Contd.)**

**Annexure - 'A'**

To,  
The Members,  
Balasore Alloys Limited

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

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. My responsibility is to express an opinion on those records based on our audit.
2. I have followed the audit practices and process 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 process and practices I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. 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  
[Partner]  
ACS no. 11470  
COP no. 7596

Date : 30<sup>th</sup> May, 2016  
Place: Kolkata


**DIRECTORS' REPORT (Contd.)**
**Annexure - 3**

**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 2015-16 :  
 Median: 279948  
 Managing Director: 46 times  
 Director-Finance: 21.44 times  
 Director-Operations: 17.86 times  
 Company Secretary: 13.58 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 2015-16 :  
 Managing Director: 0%  
 Director-Finance: 0%  
 Director-Operations: 0%  
 Company Secretary: 43.75%
- (iii) Percentage increase in the median remuneration of employees in the financial year 2015-16 :  
 Median 2014-15: 325716  
 Median 2015-16: 279948  
 14% Decrease in median remuneration
- (iv) There are 851 Number of permanent employees on the rolls of company as on 31.03.2016.
- (v) Explanation on the relationship between average increase in remuneration and company performance :  
 Net Profit (14-15): 29.24 Crores  
 Increment (14-15): 0 Crores  
 Increment on Net Profit: 0%

- (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 (₹ in Lacs)	Avg. against Company performance (14-15): 29.24 Crs
1	Anil Sureka	Managing Director	143.30	4.90%
2	R K Parakh	Director - Finance	58.64	2.01%
3	Janarthanam G.*	Director -Operations	24.73	0.85%
4	Ansuman Bhanja**	Director -Operations	34.10	1.17%
5	Trilochan Sharma	Company Secretary	31.54	1.08%

\* Mr. Janarthanam Govindasamy was appointed w.e.f. 12.02.2016

\*\* Mr Ansuman Bhanja resigned w.e.f. 14.11.2015

- (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 (14-15): 0%  
 Avg % increase Manager & above (14-15): 0%

**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 - 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 ₹ 60 lacs or more:**

Name	Designation/ Nature of Duties	Remuneration Received [₹]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held
Mr. Anil Sureka	Managing Director	143.30 Lacs	B. Com & Company Secretary	43	60	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



**BALASORE ALLOYS LIMITED****DIRECTORS' REPORT (Contd.)****Annexure - 5**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March, 2016**

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, 2015)				No. of Shares held at the end of the year (as on 31st March, 2016)				% 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	0.76	533660	4660	538320	0.68	-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.	33604076	0	33604076	47.40	41604076	0	41604076	52.74	+5.34
(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)	34137736	4660	34142396	48.16	42137736	4660	42142396	53.42	+5.26
<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	3.38	2393420	0	2393420	3.03	-0.35
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	2393420	0	2393420	3.38	2393420	0	2393420	3.03	-0.35
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	36531156	4660	36535816	51.54	44531156	4660	44535816	56.45	+4.91
<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	0.84	8151	587922	596073	0.76	-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	1697013	0	1697013	2.39	1697013	0	1697013	2.15	-0.24
(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)	1700264	601422	2301686	3.25	1705264	601422	2306686	2.93	-0.32
<b>2. Non-Institutions</b>									
(a) Bodies Corp.	6839339	58850	6898189	9.73	5748675	58711	5807386	7.36	-2.37
(b) NRI/ Foreign Co.	556752	601051	1157803	1.63	315292	597757	913049	1.16	-0.47
(c) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	9036664	8910331	17946995	25.32	8914377	8805110	17719487	22.46	-2.86
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6048938	0	6048938	8.53	7606903	0	7606903	9.64	+1.11
(d) Others (specify)	984	0	984	0	1084	0	1084	0	0
Sub-total (B)(2)	22482677	9570232	32052909	45.21	22586331	9461578	32047909	40.62	-4.59
Total Public Shareholding (B)=(B)(1)+(B)(2)	24182941	10171654	34354595	48.46	24291595	10063000	34354595	43.55	-4.91
<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)	60714097	10176314	70890411	100	68822751	10067660	78890411	100	


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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Share holding at the end of the year (As on 31.03.2016)			% 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	17.50	17.35	12402346	15.72	15.59	- 1.77
2	Navoday Exim Private Limited	500000	0.71	0.71	500000	0.64	0.63	-0.07
3	Navdisha Real Estate Private Limited	1801880	2.54	2.54	1801880	2.29	2.28	-0.25
4	Indethal Holding Limited	1304100	1.84	0.00	1304100	1.65	0.00	-0.19
5	Ispat Steel Holdings Ltd	689400	0.97	0.00	689400	0.88	0.00	-0.09
6	Seema Lohia	528880	0.75	0.00	528880	0.67	0.00	-0.08
7	Securex Holding Limited	365900	0.52	0.00	365900	0.46	0.00	-0.06
8	Navoday Highrise Private Limited	7346635	10.36	0.00	7346635	9.31	0.00	-1.05
9	Navoday Niketan Private Limited	4953215	6.99	0.00	4953215	6.28	0.00	-0.71
10	Global Steel Holdings Limited	34020	0.05	0.00	34020	0.04	0.00	-0.01
11	Vinod Kumar Mittal	2330	0.00	0.00	2330	0.00	0.00	0
12	Pramod Kumar Mittal	5710	0.01	0.00	5710	0.01	0.00	0
13	Archana Mittal	420	0.00	0.00	420	0.00	0.00	0
14	Saroj Rateria	420	0.00	0.00	420	0.00	0.00	0
15	Santosh Kumar Rateria	560	0.00	0.00	560	0.00	0.00	0
16	Dankuni Investments Limited	3300000	4.66	0.00	3300000	4.18	0.00	-0.48
17	Navoday Consultants Limited	3300000	4.66	0.00	3300000	4.18	0.00	-0.48
18	Jaltarang Vanijya Pvt. Ltd.	-	-	-	8000000	10.14	0.00	10.14

**(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	36535816	51.54	36535816	51.54
On 31.03.2016 preferential allotment of 80,00,000 Equity Shares to Jaltarang Vanijya Pvt. Ltd. pursuant to conversion of equivalent number of Warrants	8000000	4.91	8000000	4.91
At the end of the year	44535816	56.45	44535816	56.45


**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 01.04.2015)		Shareholding at the end of the year (As on 31.03.2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	India Focus Cardinal Fund	1697013	2.39	1697013	2.15
2	Shah Jyotindra Ramniklal*	376589	0.53	1087	0
3	Unit Trust of India	581760	0.82	581760	0.73
4	Kimberley Steel and Equipment Services Pvt Ltd	405257	0.57	405257	0.51
5	Monarch Research & Brokerage Pvt Ltd*	405801	0.57	0	0
6	Delta Trading Company Ltd	326100	0.46	326100	0.41
7	VLS Finance Ltd	1000000	1.41	1200000	1.52
8	Sangita S.	793690	1.12	863890	1.09
9	Sathya S.	350939	0.50	457090	0.58
10	Ashdil Sales & Promotion Pvt. Ltd.**	287000	0.40	287000	0.36
11	Sadhana Mehotra**	0	0	821000	1.04
12	Monarch Network Capital Ltd**	0	0	285487	0.36
13	Ganpati Stocks Pvt Ltd	200000	0.28	270686	0.34
14	Champion Commercial Company Limited	203649	0.28	203649	0.26

\* They ceased to become part of top 10 shareholders as on 31.03.2016

\*\* They have become part of top 10 Shareholders as on 31.03.2016.

**(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 01.04.2015)		Cumulative Shareholding during the year (As on 31.03.2016)	
		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. M Tivedi*	252	0.00	N.A.	N.A.
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.	Mr R K Parakh, Director-Finance	0.00	0.00	0.00	0.00
10.	Mr Janarthanam Govindasamy, Director-Operations	0.00	0.00	0.00	0.00
11.	Mr Anil Sureka, Managing Director	0.00	0.00	0.00	0.00
12.	Mr. Trilochan Sharma	100	0.00	100	0.00

\* Ceased to be Director w.e.f., 12.02.2016


**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 01.04.15</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>11,0493.16</b>	<b>765.55</b>	<b>-</b>	<b>11,814.71</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2,754.11	2,643.06	-	5,397.17
• Reduction	-2,329.92	-1,589.60	-	-3,919.52
<b>Net Change</b>	<b>424.19</b>	<b>1,053.46</b>	<b>-</b>	<b>1,477.65</b>
<b>Indebtedness at the end of the financial year as on 31.03.16</b>				
i) Principal Amount	11,470.85	1723.00	-	13,193.85
ii) Interest due but not paid	-	96.01	-	96.01
iii) Interest accrued but not due	2.50	-	-	2.50
<b>Total (i+ii+iii)</b>	<b>11,473.35</b>	<b>1819.01</b>	<b>-</b>	<b>13,292.36</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. Janarthanam G. (Director-Operations)	**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	125.05	49.62	22.03	27.55	224.25
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	11.31	5.42	1.64	5.29	23.66
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	6.94	3.60	1.06	1.26	12.86
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>143.30</b>	<b>58.64</b>	<b>24.73</b>	<b>34.10</b>	<b>260.77</b>
	Ceiling as per the Act	₹ 334.3 Lacs approx (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

\* Mr. Janarthanam Govindasamy was appointed w.e.f. 12.02.2016

\*\* Mr Ansuman K. Bhanja resigned w.e.f. 14.11.2015




**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	1,95,000	3,05,000	6,30,000	11,30,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (A)*	1,95,000	3,05,000	6,30,000	11,30,000

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	4,65,000	5,00,000	5,80,000	15,45,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (B)*	4,65,000	5,00,000	5,80,000	15,45,000

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	1,45,000	1,85,000	-	3,30,000
● Commission	-	-	-	-
● Others, please specify	-	-	-	-
Total (C)*	1,45,000	1,85,000	-	3,30,000

Total Directors Fees (A+B+C) = ₹ 30.05 Lacs Overall Ceiling as per the Act is ₹ 33.43 Lacs approx (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).

\* 0.5 % on account of Swachh Bharat Cess has not been included in the above amount.


**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	26.44	26.44
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3.60	3.60
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	1.50	1.50
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>31.54</b>	<b>31.54</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 - 6**

**Disclosure of the particulars with respect to 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 Rule 8(3) of the Companies (Accounts) Rules, 2014:**

**A. CONSERVATION OF ENERGY****(i) (a) The steps taken on conservation of energy:**

- i) LT capacitors installed at load end reducing the line losses and Improve the PF on major motors - 13 No's
- ii) Replacing 36 watt florescent tubes by T5 -100 No's
- iii) Installation of VFD in Screw compressor - 1 No's
- iv) Installation of VFD's in GCP- 1, 2 & 4 ID fans - 5 no's
- v) Star rated Air conditioner (Split AC) were installed - 7 No's
- vi) Erected the transparent sheet for Maximum utilization of Sun light - Covered sheds.

**(b) The impact on conservation of energy:**

- a) Sl no. (i) - Annual saving 4514 Kwh @ ₹ 5.6/Kwh = ₹ 25,278 /-.
- b) Sl.no.(ii) - Annual saving 3256 Kwh @ ₹ 5.6/- Kwh = ₹ 18,233/-
- c) Sl.no. (iii) - Annual saving 44556 Kwh @ ₹ 5.6/- Kwh = ₹ 2,49,513 /-
- d) Sl .no. (iv) - Annual saving 556416 Kwh @ ₹ 5.6/- Kwh = ₹ 31,15,929 /-
- e) Sl .no. (v) - Annual saving 22680 Kwh @ ₹ 5.6/- Kwh = ₹ 1,27,008 /-
- f) Sl .no. (vi) - Annual saving 12960 Kwh @ ₹ 5.6/- Kwh = ₹ 72,576/-.

**(ii) The steps taken by the company for utilising alternate sources of energy:**

- 1) In the first phase the Company have planned to install a 6 KW Solar Panel in the roof of Project Building. It will cater the power Supply of the entire building.
- 2) The Company have planned to replace the Electrical heaters of guest house and colony buildings by Solar heaters.

**(iii) The capital investment on energy conservation equipments:**

- i) Energy Efficient Electrode blowers, Seal blowers, Chute blowers (45 No's) -Investment ₹ 20 Lakhs
- ii) Solar Power generation Project (6 Kw) & Solar Water heaters (6 No's - 200 LPD) - Investment ₹ 10 Lakh
- iii) LED Street lights & Magnetic Induction lights (30 No's)- Investment ₹ 5 Lakhs
- iv) Limit Switches & Temperature Sensors- Investment ₹ 5 Lakhs
- v) Energy Management Software (EnMS) - Investment ₹ 10.5 Lakhs
- vi) Energy Efficient Fans (ID), STATCOM - Investment ₹ 30 Lakhs

**B. TECHNOLOGY ABSORPTION****(i) Efforts made towards technology absorption:**

- (i) Electrode Management software from Mintek installation for Furnace-3.
- (ii) PLC up gradation for Furnce-2 & 3.
- (iii) Briquette Plant Drier Circuit Automation.
- (iv) VFD installation for all press of Briquette plant.

**(ii) Benefits derived from Efforts made towards technology absorption:**

- (i) Process stability and Reduction in Specific Power consumption in Furnace.
- (ii) Improving Automation system Reliability.
- (iii) Improvement in Briquette Process.
- (iv) Improvement in quality of Briquette.


**DIRECTORS' REPORT (Contd.)**

(iii) Particulars of technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(iv) **The expenditure incurred on Research and Development (R & D):**

- i) No Capital Expenditures was incurred during the financial year 2015-16.
- ii) Total R & D Expenditure: Expenses incurred on R& D activities are charged to respective heads and not allocated separately.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ in crores)

<b>Earnings on account of:</b>	<b>2015-16</b>	<b>2014-15</b>
FOB value of exports	57,042.76	57,719.69
<b>Total</b>	<b>57,042.76</b>	<b>57,719.69</b>
<b>Outgo on account of:</b>		
a) Raw materials	3,163.11	6,386.59
b) Stores & spare parts	9.81	156.59
c) Travelling Expenses	183.55	328.04
d) Commission on Sales	548.54	333.09
e) Finance Cost	131.90	192.87
f) Others	355.59	231.31
<b>Total</b>	<b>4392.50</b>	<b>7628.49</b>

**DIRECTORS' REPORT (Contd.)****Annexure - 7****REPORT ON CSR ACTIVITIES/ INITIATIVES****[Pursuant to Section 135 of the Companies Act, 2013 & Rules made there under]****1. A brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken:**

Corporate Social Responsibility Policy of Balasore Alloys Ltd. (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 focus areas of CSR spending for the Year 2015-16 had been the followings:-

- a. **Healthcare** - Company has 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 in the year 2015-16.
- b. **Drinking Water Supply** - Around 260 families in the catchment areas of the Company were benefitted by hygienic water supply through deep bore wells & VAT, overhead tank, pipe line, maintenance & repairing of existing water supply projects etc.
- c. **Environment** - BAL's commitment towards environment balance made to go for an Avenue Plantation drive of 5000 saplings in 16 kms in Balasore Municipality area, 15000 from Mangalpur to Kuhika. Distribution of coconut plants in the peripheral villages of Kaliapani Chromite Mines has been done in 2015-16. Maintenance, watering & wire meshing is being taken up by the company as a step towards sustainable development.
- 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 2015 flood affected people of Balasore & Jajpur districts of Odisha.
- e. **Women Empowerment** - Company has taken various initiatives for empowering rural women by providing special training programmes on sewing, mushroom cultivation etc. Around 25 families of Balgopalpur and Sereipur village have been backed with such types of special training programmes. Further, Women's Self Help Groups 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 computers and 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:-

- Dr. Asish K. Bhattacharyya, Chairman
- Prof. S. K. Majumdar
- Mr. K. P. Khandelwal
- Mr. Anil Sureka
- Mr R. K. Parakh



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

Section 135 of the Companies Act, 2013 and rules made there under prescribes that every company having a net worth of ₹ 500 Crores or more, or turnover of ₹ 1000 Crores or more or a net profit of ₹ 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:-

(₹ In lakhs)

Particulars	Amounts
Average net profit of the Company for last three financial years	5557.05
Prescribed CSR Expenditure (2% of the average net profit)	111.14
<b>Details of CSR expenditure during the financial year :</b>	
Total amount to be spent for the financial year	<b>111.14</b>
Amount Spent	128.38
Unspent Amount	NIL

**4. Details of CSR activities / projects undertaken and manner in which the amount spent during financial year is detailed below::****Plant (Balgopalpur, Dist. - Balasore, Odisha)**

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 (₹)	Amount spent on the project / programme Sub-heads: 1. Direct Expenditure on project / programme 2. Overhead. (₹)	Cumulative spend upto the reporting period. (₹)	Amount spent:. Direct / through implementing Agency
1.	Installation of tube well, Street lights, Construction of toilet, Organising social welfare program, tricycle distribution to physically challenged, distribution of blanket, etc.	Rural Development	Somnathpur, Santa, Kurada Hat, Saun Balgopalpur, Seraipur under Remuna Block of Balasore	5,00,000	5,61,151	5,61,151	Direct Expenditure
2.	Construction of village Road	Rural Development	Chandipur	4,25,000	5,25,000	5,25,000	Direct Expenditure
3.	Eradication of Hunger (Aahar Yogna)	Rural Development	Ganeswarpur	1,00,000	2,50,000	2,50,000	Direct Expenditure
4.	Training on mushroom cultivation, Weight grinder to Woman Self Help Groups (SHGs)	Woman Empowerment	Balgopalpur, Seraipur under Remuna Block of Balasore	1,00,000	92,414	92,414	Direct Expenditure
5.	Avenue Plantation at Balasore Municipality Area, free distribution of saplings in peripheral 10 gram panchayats of Balasore plant	Environmental Conservation	Balasore Municipality Area & 10 gram panchayats of Balasore plant	4,50,000	5,60,572	5,60,572	Direct Expenditure
6.	Construction of Road, training centres, etc.	Rural Development	Bangargaon, Banpada	22,00,000	32,71,000	32,71,000	Expenditure through NOCCI
7.	Organized tournaments, Sports & games, Meetings & Cultural events. Provided sports materials to local teams.	Sports Promotion	Somnathpur, Gourpur, Mukhra, Balgopalpur, Seraipur under Remuna Block of Balasore	2,50,000	3,68,850	3,68,850	Direct Expenditure
8.	Support for education in schools and colleges in peripheral areas of BAL plant. School desk, benches, sports materials is also provided as and when requirement is sensed by BAL management, assistance for higher education, school teacher fees etc.	Development of Education	Schools of Balgopalpur, Nuapadhi under Remuna Block of Balasore.	1,00,000	1,15,100	1,15,100	Direct Expenditure

**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 (₹)	Amount spent on the project / programme Sub-heads: 1. Direct Expenditure on project / programme 2. Overhead. (₹)	Cumulative spend upto the reporting period. (₹)	Amount spent: Direct / through implementing Agency
9.	Construction of operation theatre at Balasore Rotary Eye Hospital, Assistance for treatment of critical disease, installation of air conditioner and providing bed sheets, etc.	Promotion of Health	Balasore, Nilgiri	4,00,000	4,49,000	4,49,000	Direct Expenditure
	<b>Total</b>			<b>45,25,000</b>	<b>61,93,087</b>	<b>61,93,087</b>	

**Mines (Kalapani, Dist. - Jajpur, Odisha)**

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 / State where project/programme was undertaken)	Amount outlay (Budget) Project / Programme wise (₹)	Amount spent on the project / programme Sub-heads: 1. Direct Expenditure on project / programme 2. Overhead. (₹)	Cumulative spend upto the reporting period. (₹)	Amount spent: Direct / through implementing Agency
1.	a) Construction of Astapahari Mandap b) Installation of street lights c) Construction of Community Hall etc.	Rural Development	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha.	10,00,000	9,56,958	9,56,958	Direct Expenditure
2.	Construction of pond side toilet	Rural Development	Kamakhyanagar	8,00,000	8,36,558	8,36,558	Direct Expenditure
3.	Hygienic water supply: 1. Installation of Tube wells. 2. Installation of Bore well with water vats. 3. Reimbursement of Electric 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.	22,14,000	19,60,751	19,60,751	Direct Expenditure
4.	Avenue Plantation, free distribution of saplings, etc.	Environmental sustainability	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha.	25,00,000	27,77,928	27,77,928	Direct Expenditure
5.	Distribution of blankets, umbrellas, t-shirts, caps	Tribal Development	Local area of Kaliapani Chromites Mines, Sukinda Block of Jajpur District of Odisha.	75,000	1,12,410	1,12,410	Direct Expenditure
	<b>Total</b>			<b>65,89,000</b>	<b>66,44,605</b>	<b>66,44,605</b>	

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

**For and on behalf of the Board**

Kolkata  
30<sup>th</sup> May, 2016

**Anil Sureka**  
Managing Director  
DIN: 00058228

**Asish K. Bhattacharyya**  
Chairman of CSR Committee  
DIN: 00799039



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GLOBAL ECONOMY**

Despite a modest recovery in high-income countries, global growth slowed in 2015, as developing-country growth dipped to a post-crisis low. The upturn in 2016 and 2017 is projected to be shallower than previously anticipated. Weakening prospects are most visible among key commodity exporters, pointing to a significantly lower contribution to global growth than in the past. China's gradual slowdown and rebalancing continued. Low-income countries continued to show some resilience, but a rising share of the world's extreme poor live in countries with slowing growth.

Going forward, global growth should pick up, albeit at an appreciably slower pace than previously projected, reaching 2.9 percent in 2016 and 3.1 percent in 2017-18. Global inflation is expected to increase moderately in 2016 as commodity prices level off, but will remain low by historical standards. A modest upturn in global activity in 2016 and beyond is predicated on a continued recovery in major high-income countries, a gradual slowdown and rebalancing in China, a stabilization of commodity prices, and an increase in global interest rates that is gradual and stays well contained. All of these projections, however, are subject to substantial downside risks.

Developing-country growth slowed in 2015 to 4.3 percent, its weakest showing since 2009, and a pace well below its pre-crisis average. China's economy continued to slow in an orderly fashion, and its rebalancing away from import and commodity-intensive activities has had repercussions for global trade and commodity prices. Brazil and the Russian Federation have taken a turn for the worse as a result of global and domestic headwinds, with both countries experiencing deepening contractions, above-target inflation, and deteriorating public finances. In South Africa, chronic power supply bottlenecks are a major factor behind weak growth. Growth in India remained robust, buoyed by strong investor sentiment and the positive effect on real incomes of the recent fall in oil prices.

### **INDIAN ECONOMY**

Against a subdued global economic environment, the Indian economy grew at 7.6% in 2015-16 (7.2% in 2014-15) emerging as one of the fastest growing nation in the globe. The economic growth was bolstered by an improvement in the fortunes of the manufacturing sector (9.5% growth in 2015-16 against 5.5% in 2014-15) and gains accrued from declining crude oil prices.

The Indian economy expanded 7.9% year-on-year in the first three months of 2016, higher than 7.2% growth in the previous corresponding quarter. This best performance in six quarters was the result of a farm sector rebound, growing 2.3% and manufacturing sector output growing 9.3%.

Inflation measured by the CPI (Consumer Price Index), which stood at 6.5% in 2014-15 declined to 5.0-5.5% in 2015-16, clearing the path for further monetary policy easing. Assuming a further moderation in the average annual price of crude petroleum and other commodities, the current account deficit was estimated at about 1.3% of the GDP for 2014-15 and less than 1% of the GDP in 2015-16.

The government made progress in key areas, such as energy, roads and urban infrastructure. In November 2015, it announced major reforms to liberalize FDI in several sectors. The Central Bank liberalized the medium-term framework for foreign portfolio investment for creating a conducive environment in attracting long-term investors.

*Outlook:* Given the macroeconomic scenario and assuming normal 2016-17 monsoons, it would not be unreasonable to believe that the Indian economy is set to register growth in excess of 7% for the third year in succession.

India's economy is expected to report a GDP growth of 7.3 and 7.5 per cent in 2016 and 2017 respectively. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships.

Compared to most other major developing countries, India is well positioned to withstand near-term headwinds and volatility in global financial markets due to reduced external vulnerabilities, a strengthening domestic business cycle, and a supportive policy environment.

### **CHROME ORE SECTOR**

#### **Global Chrome sector overview**

In 2014, global chrome ore output declined even as ferrochrome production expanded to a record high.



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

The first half of 2015, global chrome ore and ferrochrome output grew at a heartening pace - chrome ore production reached 7 million tonnes, while ferrochrome output crossed the 3 million tonnes mark for the first time in Q2. As per ISSF data, global production of stainless steel in H1 2015 was down by 0.7% to 21.09 million tonnes, with output increasing only in the Americas by 5% and in China by around 0.7%

All international chrome ore and concentrate prices continued their upward trend though at a more moderate pace. China's chrome market revived - the UG 2 concentrate prices in China have risen considerably over the previous year.

### **Indian Chrome Ore Sector**

As per the Indian Mining Ministry, the chrome ore output for Q4 2015-16 increased by 100% last QoQ to 1.03 million tonnes and 18% over the corresponding period in the previous year.

India is aiming to increase production of minerals including chrome ore by inviting private sector and foreign companies to take part in exploration projects. The government urged state agencies including the Geological Survey of India, Atomic Minerals Directorate for Exploration and Research and Mineral Exploration (MECL) to increase the pace of exploration.

## **FERROCHROME INDUSTRY**

### **Global ferrochrome industry**

Global ferrochrome (charge chrome/HC, MC, LC FeCr) production was down by 0.9% last year, to nearly 11.49 million tonne owing to stagnant stainless steel output volumes it impacted the demand of high-carbon ferrochrome and charge chrome. Low and medium carbon ferrochrome output rose by about 18.7% y-o-y to 0.75 million tonne.

In 2015, Production of ferrochrome in China, the leading ferrochrome producer restricted its production to 3.74 million tonne due to two reasons:

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

### **Indian ferrochrome industry**

With an annual output of 1 million tonne and domestic demand of about 0.5 million tonne, India figures prominently on the global chrome alloys industry and trade.

China, which had a share of 22 million tonne in world stainless steel production of 42 million tonne in 2014, remains the biggest importer of ferrochrome despite its building major capacity of the alloys depending entirely on foreign origin chrome ore. Naturally, China is a major market for Indian ferrochrome. Japan, South Korea and European Union are the other leading importers of the alloy used in making stainless steel.

In India, ferrochrome production remained flat in 2015 with nominal growth of 0.2%. However improved sentiments in global and domestic steel markets promise healthy growth over the coming years. Even as the opportunity canvas is expected to widen, the industry will witness consolidation. Integrated manufacturers with an appetite for expansion will have an opportunity to acquire non-viable capacities.

Sustainability of the domestic sector depends on the pace at which India's per capita consumption of stainless steel, currently at 1.9 kg, approaches the world average of 6 kg.

## **OPPORTUNITIES AND THREAT**

### **Opportunities**

India is the world's third-largest producer of crude steel and is expected to move to the second position soon consequent to the government's thrust on infrastructure creation and urban development.

From an exports perspective, recent development in South Africa presents an interesting opportunity for Indian ferrochrome producers. Its power problem has jeopardised the prospects of its ferrochrome industry, mandating its customers to seek alternative sources. This provides an opportunity for India to fill in the gap. It also de-risking the growth prospects of the ferrochrome players from an over dependence on China for exports. In addition, the depreciation of Indian Rupee is also helping in strengthening the profitability of companies.

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

India's chrome ore depleting reserves is a cause of concern. 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. Besides, 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**

In the global ferrochrome industry, the over-capacity scenario is expected to persist. But the excess volumes would taper down as unviable operating units would face closure or consolidation and high cost producers of ferrochrome from South Africa and China will face closure thereby reducing demand and supply gap. This will further benefit Indian Companies especially those who are having captive Mines and backward linkage. Balasore Alloys has that distinct advantage.

Also, as stainless steel output will continue to increase primarily due to the growth emerging out of China, the ferrochrome industry is likely to maintain a balance on the supply side as well.

**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 implement numerous initiatives at their shop-floor.

- 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 low and medium silicon, low phosphorous, medium carbon, high chromium etc. along with enhancing plant capacity.

Your Company has acquired Ferro Chrome business of Jabamayee Ferro Alloys Limited as a going concern on a slump sale basis. Further, the Business Transfer Agreement (BTA) executed with Rohit Ferro Tech Limited for acquisition of its ferro alloys plant at Kalinganagar Industrial Complex, Dubri – 755 026, Dist. Jajpur, Odisha as a going concern on slump sale basis was having a long stop date of 31st March, 2016, which has not been further renewed.

**THE ROADMAP OF BUSINESS EXCELLENCE**

The Company is adopting the globally respected **Malcolm Baldrige Business Excellence Model** for strategy formulation and execution to achieve its stated Vision and Mission. This model leverages 3 prime Ps – People, Planet & Profit for a socially responsible way of doing business. The Model focuses on seven critical aspects of the organisation, namely, Leadership, Strategies, Customer, Workforce, Measurement analysis & Knowledge management, Operations and Results. Launched first half of the year, this initiative is being implemented in phases.

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.





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

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 Company has a well-designed process flow for driving Six Sigma initiative across the organization. These initiatives have significantly contributed in process optimization, productivity, inventory reduction and quality improvement and significant cost reduction in the production of Ferrochrome. Currently, several Six Sigma projects are under various stages of implementation which is expected to become operational in the current year.

**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.

**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 & 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 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.

### **Information Technology**

The Company has successfully implemented Enterprise Resource Planning solution "SAP". This technology solution automates business processes and facilitates accurate and real-time data capture from across the organization for a faster and informed decision-making. The management plans to extend this platform to address its Business Integration and Optimization program. The Company invested in a Disaster Recovery Centre at Mumbai to ensure business continuity.

Recently, the Company implemented the Customer Relationship Management (CRM) system, a cloud based ERP solution from SAP called C4C – Cloud for Customers, Office Productivity & Collaboration Tool called "Office 365", SAP Dashboards.

The Company is in the process of implementing an automated employee "Performance Management System (PMS)" and installing an Unmanned Weigh Bridge in the plant for accurate and automated weight measurements of goods integrated with SAP.

### **Integrated management systems (IMS)**

IMS integrates all business processes across the value chain in addition to integrating the processes involved in Management Initiatives and all forms ISO Management Systems like Quality Management System, Environment Management System, Occupational Health & Safety Management System, Energy Management System, Information Security Management System and Plant Asset Management System.

As part of this, business processes are streamlined, reengineered or redesigned; duplications are eliminated and are standardized. This has resulted in transforming the business by breaking the myths of conventional wisdom. This has also resulted in adapting global best practices and developing Standard Operating Procedures (SOP), Standard Maintenance Procedures (SMP) and Work Instructions for Operators and Technicians.

Also, new tools like APQP, PPAP, 8D, MSA, FMEA have been utilised to minimise product failures.

### **QUALITY ASSURANCE**

Balasore Alloys is a ISO 9001:2008, 14001:2004 and OHSAS 18001:2007 certified organisation having aligned its management systems and operational processes to global standards.

The Company is now working towards ISO 50000:2015 certification (for Energy management). We also purpose to go for Integrated Management System covering all ISO systems prevailing in our company.



### MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The Company has also obtained the product certification BIS 1170: 1992 from BIS, DIN 17565 and recently applied for JIS G2303: 1998 for the product.

The Company's quality control lab is well-equipped with sophisticated equipment namely WD XRF(Rigaku Super Mini 200), LECO CS 744 for C & S, LECO TGA 701, UV Visible Spectrometer Lamda 25(Perkin Elmer) which ensures quality output in every batch.

The Company is working towards an NABL Accreditation of its Quality Control and R&D Lab to receive the ISO/IEC-17025 certification – a watermark of aligning its product standards to global benchmarks.

### ENVIRONMENT AND SAFETY

Balasore Alloys accord top priority to the safety of its people and protection of the environment.

**Environment management:** The Company has institutionalised a structured environmental management system which ensures that it complies with all waste discharge standards specified by the pollution control board.

The Company operates on a zero-discharge model for liquid waste – waste water is treated and recycled for dust suppression and horticulture purposes.

Solid waste is used in various construction activities, as a replacement for stone chips. Gas cleaning units attached with every furnace facilitates in adhering to the prescribed standard of stack gas emission.

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. The Company has also invested in rain water harvesting and artificial recharge systems for increasing the ground water table.

**Green cover:** The Company continued its plantation programme at local villages, along with initiating sizeable plantation drives at its mines and manufacturing facility. In addition, the Company facilitated avenue plantation in the nearby town and initiated plantation in nearby fallow lands.

**Safety:** The safety of employees, visitors and local people is very important to the management. To ensure that safety standards are regularly followed across its facilities (mines and manufacturing units), the safety team undertakes periodic reviews and audits. These audits also facilitate in ensure completely safety preparedness of the team and equipment to handle any eventuality; it also facilitates in identifying unsafe practices. In addition, the Company also undertook in-house, on-site and audio visual safety training exercises for the entire team. Mock drills were periodically conducted to check emergency preparedness. For superior night visibility, the Company installed fluorescent, radium safety boards.

In 2015, the Company received the OHSAS 18001:2007 certification on Occupational Health & Safety Management System.

### 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.

The Company's people philosophy has played the prime role in shaping the company into a passionate, learning oriented and high performing organization. The management accords 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 2015-16, the Company conducted employee engagement surveys to get a fair view of its team's perspective on the Company's operations and management. The outcome of the survey has made a significant contribution in improving systems and procedures which will facilitate in strengthening the employee-organisation bond and realising the full potential of its human capital.

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. The Company intends to create a robust leadership that can effectively spearhead the Company's expansion.

The Board records its appreciation for the support of employees at all levels and looks forward to their total involvement in the growth process of the Company.

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

(₹ in Lacs)

Particulars	Financial year ended 31-March, 2016	Financial year ended 31-March, 2015
	<b>Standalone</b>	
<b>YEAR</b>	<b>31-03-2016</b>	<b>31-03-2015</b>
Total Income	84,470.59	88,166.37
Profit/(Loss) Before Interest, Depreciation & Tax (PBDIT)	8,876.07	14,229.37
Finance Charges	3,151.37	3,539.77
Depreciation	2,225.95	2,106.38
Exceptional Items	-	4,367.31
Provision for Income Tax ( Including for earlier years)	1,629.66	1,291.83
Net Profit After Tax	1,869.09	2,924.09
Profit brought forward from Previous Years	23,873.02	22,506.20
Profit Carried to Balance Sheet	25,204.54	23,873.02

This year, the net profit has been at ₹ 1869.09 Lacs and the Company has announced a dividend of 12%.

The subdued performance of the steel sector adversely impacted your Company's performance resulting in decline in revenues and profit. The total income for the year ended March 31, 2016 being ₹ 84,470.59 lacs - a decline of 4.19% over the previous year. During the year the company's main focus was exports and book sales of ₹ 61,186.12 Lac, which is lower by 2.16% over the last year's figure.

There has been decrease in the cost of consumption of raw materials by 1.83% from ₹ 26,807.19 Lac to ₹ 26,316.16 Lac. Power and fuel cost increased by 8.83%, from ₹ 23,274.99 Lac to ₹ 25,530.61 Lac because of increased volume of production as compared to the previous year.

PBDIT stood at ₹ 8,876.07 Lac against ₹ 14,229.37 Lac over the corresponding financial year.

The interest and finance charges decreased by 10.97 %, from ₹ 3539.77 Lac to ₹ 3151.37 Lac.

PAT stood at ₹ 1,869.09 Lac as against ₹ 2,924.09 Lac in the previous year, signifying a decrease of 36.08%. The Basic Earnings per Share (EPS) for the year was ₹ 2.50 as against ₹ 4.14 and the Diluted Earnings per Share (EPS) for the year was ₹ 2.50 as against ₹ 4.14 for the previous year.

Shareholders' funds (Net worth) increased from ₹ 39,072.67 Lac to ₹ 42,667.94 Lac as on March, 2016, registering a growth of 9.20% over the previous year.

**INTERNAL CONTROL SYSTEMS**

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.

The Company has a robust and comprehensive Internal Financial Control system commensurate with the size, scale and complexity of its operations. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

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

The Company has carried out an assessment of the adequacy and effectiveness of the Company's Internal Financial Control System by an independent Consultant who did a thorough examination on each and every financial control persisting in the Organisation.

The Statutory Auditors of the Company has also reviewed the Internal Financial Control system implemented by the Company on financial reporting and in their opinion, the company has, in all material aspects, adequate Internal Financial Control System over Financial reporting and such Internal Financial Controls were operating effectively as on 31st March 2016.

For effective business control, there is a full-fledged internal audit function, which is supported by a 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.

**Managing business 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 key managers at various organisational levels, which in turn prepares them to mitigate risks at every level.

**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 prosperity, 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. The Board has affirmed that no personnel have been denied access to the audit committee.
- h) **Board Diversity:** The Board members are quite diverse as it had Directors from various sectors viz. Accounting, 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 with at least one women director in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Board as on 31<sup>st</sup> March, 2016, consists of 11 directors out of which 5 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 Bhanja, Director-Operations * Mr. Janarthanam Govindasamy, Director-Operations**
Non-Executive Independent Directors	Mr M Trivedi*** Dr A K Bhattacharyya Mr S Mohapatra Mr S K Pal Prof S K Majumdar Mr K P Khandelwal
Nominee Director	Mr K C Raut

\*Ceased to be Director - Operations w.e.f., 14.11.2015.

\*\*Appointed as an Additional Director designated as Director-Operations w.e.f. 12.02.2016.

\*\*\* Ceased to be Director w.e.f., 12.02.2016.

\*\*\*\* Ceased to be Director w.e.f., 29.05.2016.

Mrs. Vartika Mittal Goenka, daughter of Mr Pramod Kumar Mittal, director of the Company has served Board as a Woman Director. At the time of appointment, every Independent Director signs a Declaration to confirm that they fulfils all the conditions for being an Independent Director as laid down under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Companies Act, 2013.

**Details of the Board Meetings**

Six Board meetings were held during the period from 01.04.2015 to 31.03.2016. The Board of Directors of the Company has met six times during this financial year with not exceeding maximum time gap of one hundred and twenty days between the two meetings. The dates on which the Board meetings were held are as follows:-

16.04.2015, 27.05.2015, 14.08.2015, 14.11.2015, 12.02.2016 and 15.03.2016.

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 31.03.2016 are below:-

Director	Board Meeting Attended	Attended last AGM held on 25.09.2015 at Registered Office	No. of Directorship in other Companies <sup>1</sup>		No. of Membership in Committees of Directors in other Companies <sup>2</sup>	
			Chairman	Director	Chairman	Member
Mr Pramod Kumar Mittal (Chairman)	2	No	2	Nil	Nil	Nil
Mr M Trivedi***	2	No <sup>@</sup>	N.A.	N.A.	N.A.	N.A.
Mr S Mohapatra	5	Yes	Nil	1	1	Nil
Mr S K Pal	6	Yes	Nil	2	Nil	2
Dr A K Bhattacharyya	5	Yes	Nil	1	1	Nil
Prof S K Majumdar	5	No	Nil	Nil	Nil	Nil
Mr K P Khandelwal	6	No	Nil	2	Nil	4
Mrs Vartika Mittal Goenka	5	No	N.A.	N.A.	N.A.	N.A.




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

Director	Board Meeting Attended	Attended last AGM held on 25.09.2015 at Registered Office	No. of Directorship in other Companies <sup>1</sup>		No. of Membership in Committees of Directors in other Companies <sup>2</sup>	
			Chairman	Director	Chairman	Member
Mr R K Parakh Director-Finance	5	Yes	Nil	Nil	Nil	Nil
Mr Anil Sureka Managing Director	6	Yes	Nil	2	Nil	1
Mr Ansuman K. Bhanja ** Director-Operations	2	No	N.A.	N.A.	N.A.	N.A.
Mr. Janarthanam Govindasamy * (Director - Operations)	Nil	Nil	Nil	Nil	Nil	Nil
Mr K C Raut Nominee Director	5	Yes	Nil	1	Nil	2

\*Appointed as an Additional Director designated as Director-Operations w.e.f. 12.02.2016.

\*\* Ceased to be Director Operations w.e.f. 14.11.2015.

\*\*\* Ceased to be Director w.e.f., 12.02.2016.

@ Mr. Mahesh Trivedi, Chairman of the Audit Committee, Nomination and Remuneration Committee & Stakeholder Relationship Committee has met with a major accident on 12<sup>th</sup> August, 2015 in Kolkata due to which he has not been able to attend this meeting and the leave of absence was granted to him.

In terms of provisions of Section 178(7), Mr. M Trivedi, the Chairman of the Audit Committee, Nomination & Remuneration Committee & Stakeholder Relationship Committee has authorised Dr. Asish K Bhattacharyya to attend the Annual General Meeting of the Company on his behalf.

1 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.

2 In accordance with Regulation 26 of the SEBI (LODR) Regulations, 2015, 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 Part A of Schedule II of the SEBI (LODR) Regulations, 2015, 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 Directors are apprised at Board Meetings on the Company operations, market shares, governance, internal control processes and other relevant matters. They are also updated on important changes in the regulatory framework and business environment having an impact on the Company.

On an on-going basis, the Company, through its Managing Director & / or Whole-time Director as well as other Senior Managerial Personnel, as required, conducts presentations / programs to familiarize the Independent Directors with the strategy, operations and functions of the Company inclusive of important developments in various business divisions, and new initiatives undertaken by the Company. The details of familiarization programme is disclosed on Company's website [www.balasorealloys.com](http://www.balasorealloys.com).

**Separate Meeting of the Independent Directors**

A separate meeting of Independent Directors was held on 26<sup>th</sup> March 2016. The meeting was attended by Dr. Asish K. Bhattacharyya, Mr. S Mohapatra, Mr. S K Pal, Prof. S K Majumdar and Mr. K P Khandelwal.

Dr. 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 the Board of Directors**

The Company has complied with Schedule II of the SEBI (LODR) Regulations, 2015 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:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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 Regulation 18 of the SEBI (LODR) Regulations, 2015 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 five 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 31.03.2016. The dates on which the meetings of the Audit Committee were held are:

27.05.2015, 13.08.2015, 14.11.2015 and 12.02.2016.

At the Board meeting held on 12.02.2016, in view of the cessation of Mr. M Trivedi, Chairman of Audit Committee, it was considered appropriate to reconstitute the Audit Committee of the Board of Directors and Dr. A K Bhattacharyya was appointed as Chairman of the Committee with immediate effect.

As on date of this report the Committee comprises of five independent Directors, the details of the meetings attended by the members are as under:

<b>Name of Director</b>	<b>No. of Meetings attended during the period</b>
Dr. A K Bhattacharyya (Chairman of the Committee w.e.f. 12.02.16)	4
Mr. Mahesh Trivedi* (Chairman of the Committee till 12.02.16)	1
Mr. S Mohapatra	4
Mr. S K Pal	4
Prof. S K Majumdar	3
Mr. K P Khandelwal	4

\*Mr. M Trivedi ceased to be director of the Company w.e.f., 12.02.2016.



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

Mr. Mahesh Trivedi who had been the Chairman of the Audit Committee, had met with a major accident on 12<sup>th</sup> August, 2015, in Kolkata due to which he has not been able to attend the previous Annual General Meeting held on 29<sup>th</sup> September, 2015. Dr. Asish K. Bhattacharyya was authorised by Mr. Mahesh Trivedi to attend the Annual General Meeting of the Company on his behalf.

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 composition of the Nomination & Remuneration Committee is in line with requirements of Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. As on the date of this report, the committee comprised of three members, of which all of them are Independent Non-Executive Directors.

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

Four meetings of Nomination & Remuneration Committee were held during the year ended 31.03.2016. The dates on which the meetings of the Committee were held are:

16.04.2015, 27.05.2015, 13.08.2015, 12.02.2016

At the Board meeting held on 12.02.2016, in view of the cessation of Mr. M Trivedi, Chairman of Nomination & Remuneration Committee (NRC), it was considered appropriate to reconstitute this Committee. Dr. A K Bhattacharyya was appointed as Chairman of the Committee with immediate effect. As on the date of this report, the revised Committee comprises of three independent Directors, the details of the meetings attended by the members are as under:-

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>
Dr. A K Bhattacharyya (Chairman of the Committee w.e.f 12.02.16)	4
Mr. Mahesh Trivedi* (Chairman of the Committee till 12.02.16)	2
Mr. S K Pal	4
Prof. S K Majumdar	4

\*Mr. M Trivedi ceased to be director of the Company w.e.f., 12.02.2016.

Pursuant to the provisions of the Companies Act, 2013 and applicable SEBI (LODR) Regulations, 2015, 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 personnel involves a balance between fixed and incentive pay.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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 20<sup>th</sup> May 2014, has adopted a policy for remuneration of the Board Members, Key Management Personnel (KMPs) & Senior Management Personnel (SMPs) in adherence with the provisions of the SEBI (LODR) Regulations, 2015, 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 12<sup>th</sup> February, 2016 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 ₹)</b>	<b>Revised Sitting Fees (in ₹)</b>
Board of Directors	20,000	35,000
Audit Committee	20,000	35,000
Risk Management Committee	15,000	20,000
Project Committee	15,000	20,000
Stakeholders Relationship Committee	5,000	10,000
Nomination & Remuneration Committee	10,000	15,000
Corporate Social Responsibility Committee	10,000	15,000

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

Further as per the requirement of Companies Act, 2013 the second Independent Directors Meeting was held on 26<sup>th</sup> March, 2016 and for which Sitting fees was fixed at ₹ 35,000/- 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.

**(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 31<sup>st</sup> March, 2016:

Director	Salary & Perks	Commission	Total	Service Contract (Years)	Period
Mr. Anil Sureka (Managing Director)	143.30	0	143.30	5 Years	01.04.2015 to 31.03.2016
Mr R. K. Parakh (Director-Finance)	58.64	0	58.64	5 Years	01.04.2015 to 31.03.2016
Mr Ansuman K. Bhanja (Director-Operations)*	34.10	0	34.10	5 Years	01.04.2015 to 14.11.2015
Mr. Janarthanam Govindasamy (Director-Operations)**	24.73	0	24.73	5 Years	12.02.2016 to 31.03.2016

Note:-

1. Notice Period is as per the terms of the Contract entered between the Director & the Company.
2. No Severance fees have been paid to any of the Director during the reporting period.
3. No Stock Option have been given to any of the Directors during the reporting period.

**Relationship of Non-Executive Directors with the Company and interse:** There is no pecuniary relationship or transactions of the Non-Executive Directors vis-a-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 Stakeholders Relationship Committee has been constituted to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders to align with the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

At the Board meeting held on 12.02.2016, in view of the cessation of Mr. M Trivedi, Chairman of Stakeholders Relationship Committee (SRC), it was considered appropriate to reconstitute this SRC Committee. Dr. A K Bhattacharyya was appointed as Chairman of the Committee with immediate effect. The revised Committee comprises of four Independent Non Executive Directors and Director - Finance of the Company, the details of the meetings attended by the members are as under:

The composition of the Stakeholders Relationship Committee is as under:

Member of the Committee	No. of Meetings Attended
Dr. A K Bhattacharyya (Chairman of the Committee w.e.f 12.02.16)	1
Mr. M Trivedi* (Chairman of the Committee till 12.02.16)	11
Prof. S K Majumdar	12
Mr. S K Pal	12
Mr. R K Parakh	7

\*Mr. M Trivedi ceased to be director of the Company w.e.f., 12.02.2016.

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

The Committee has met twelve times during the period from 01.04.2015 to 31.03.2016. The dates on which the meetings of the Stakeholders Relationship Committee were held are as follows:-

10.04.2015, 11.05.2015, 12.06.2015, 13.07.2015, 11.08.2015, 11.09.2015, 13.10.2015, 11.11.2015, 11.12.2015, 14.01.2016, 11.02.2016 & 12.03.2016

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.

**Name and Designation of Compliance Officer:**

Mr Trilochan Sharma – President & Company Secretary

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

Mr Partha 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 01.04.2015 to 31.03.2016, the status of complaints are as under:

Complaints pending as on 01.04.2015	—	Nil
Complaints received from Investors	—	228
Complaints replied / resolved	—	228
Complaints pending as at 31.03.2016	—	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 20<sup>th</sup> 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.

Four Meetings of CSR Committee were held during the year ended 31.03.2016. The dates on which the meetings of the CSR Committee were held are:

27.05.2015, 14.08.2015, 14.11.2015 & 12.02.2016.

At the Board meeting held on 12.02.2016, in view of the cessation of Mr. M Trivedi, Chairman of CSR Committee, it was considered appropriate to reconstitute this Committee. Dr. A K Bhattacharyya was appointed as Chairman of the Committee with immediate effect. The revised Committee comprises of five Directors, the details of the meetings attended by the members are as under:

<b>Name of Director</b>	<b>No. of Meetings attended during the period</b>
Dr. A K Bhattacharyya (Chairman of the Committee w.e.f 12.02.16)	4
Mr. M Trivedi* (Chairman of the Committee till 12.02.16)	1
Prof. S K Majumdar	3
Mr. K P Khandelwal	4
Mr. Anil Sureka	4
Mr. R K Parakh	2

\*Mr. M Trivedi ceased to be director of the Company w.e.f., 12.02.2016.

**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 29<sup>th</sup> 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.



**REPORT ON CORPORATE GOVERNANCE (Contd.)****9. General Body Meetings**

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

Year	Location	Date	Time
2014-15(AGM)	Registered office	29.09.2015	9.30 A. M.
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.

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

## 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 : Yes  
(ii) Procedure for postal ballot : As per the provisions of relevant statutes

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 2015-16, 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 31<sup>st</sup> March, 2016.

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

30<sup>th</sup> May, 2016

**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 Net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or Net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year, does not apply.

**12. Disclosures**

- a. 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 - 37 of Notes to financial statements as at and for the year ended March 31, 2016 of the Annual Report.
- b. 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)



## BALASORE ALLOYS LIMITED

- c. 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.
- d. 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 80,00,000 Equity Shares on preferential basis to M/s Jaltarang Vanijya Private Ltd, one of the Promoter Group Company on 31.03.2016 pursuant to conversion of equivalent number of Warrants.
- f. The Company has issued 2,30,00,000 convertible warrants on preferential basis to its Promoter Group Companies on 15.03.2016. Out of which 1,00,00,000 Warrants shall be convertible into Equity Shares in the Financial Year 2016 -17 and the remaining 1,30,00,000 Warrants shall be converted into Equity Shares in the Financial Year 2017-18 at the sole option of the Warrant holder(s).

The requisite approval of the shareholders shall be obtained through Postal ballot.

- 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 SEBI (LODR) Regulations, 2015.

The Company has adopted and complied with all the mandatory requirements under SEBI (LODR), Regulations, 2015 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 Discretionary Requirements as specified in Part - E of Schedule II of SEBI (LODR) Regulations to the extent relating to reporting of internal auditor directly to Audit Committee.

### 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 / Utkal Mail (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


**REPORT ON CORPORATE GOVERNANCE (Contd.)**
**16. GENERAL SHAREHOLDERS' INFORMATION**

<b>1</b>	<b>Annual General Meeting</b>	
	Day, Date & Time Venue	28 <sup>th</sup> day of September, 2016 at 9.30 a.m. Registered Office at Balgopalpur – 756 020 Balasore, Odisha, India
<b>2</b>	<b>Tentative Financial Calendar 2016-17</b> Financial Reporting for the quarter ending June 30, 2016 Financial Reporting for the quarter ending September 30, 2016 Financial Reporting for the quarter ending December 31, 2016 Financial Reporting for the quarter ending March 31, 2017 Annual General Meeting for the year ending March 31, 2017	By 14 <sup>th</sup> day of August, 2016 By 14 <sup>th</sup> day of November, 2016 By 14 <sup>th</sup> day of February, 2016 By 30 <sup>th</sup> day of May, 2017 By September, 2017
<b>3</b>	<b>Book Closure Date</b>	22 <sup>nd</sup> September, 2016 to 28 <sup>th</sup> September, 2016 (both days inclusive)
<b>4</b>	<b>Dividend Payment Date</b>	The Dividend warrants will be posted on and from 1 <sup>st</sup> October, 2016.
<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 2016-17 has been paid to the BSE Limited and the Calcutta Stock Exchange Limited.		
<b>7</b>	<b>Stock Market information:</b>	
	(i) <b>Stock Code:</b> BSE Limited The Calcutta Stock Exchange Ltd. ISIN No. for Fully Paid-up Equity Shares	: 513142 : 10019059 : INE135A01024
	(ii) <b>Market Price</b>	Share Price data on BSE BSE Sensex
	Months	High (₹) Low (₹) High Low
	April, 2015	21.55 14.60 29,094.61 26,897.54
	May, 2015	19.10 14.45 28071.16 26423.99
	June, 2015	17.50 14.90 27968.75 26307.07
	July, 2015	17.70 15.50 28578.33 27416.39
	August, 2015	18.45 14.00 28417.59 25298.42
	September, 2015	16.10 14.45 26471.82 24833.54
	October, 2015	17.45 15.00 27618.14 26168.71
	November, 2015	17.80 15.50 26824.30 25451.42
	December, 2015	25.00 17.00 26256.42 24867.73
	January, 2016	24.15 16.65 26197.27 23839.76
	February, 2016	19.20 14.65 25002.32 22494.61
	March, 2016	17.10 15.10 25479.62 23133.18



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

	<p style="text-align: center;"><b>BAL share price movement vs BSE Sensex Apr'15 - Mar'16</b></p> <table border="1"> <caption>BAL share price movement vs BSE Sensex Apr'15 - Mar'16</caption> <thead> <tr> <th>Month</th> <th>BAL High (₹)</th> <th>BSE Sensex High</th> </tr> </thead> <tbody> <tr><td>Apr-15</td><td>22</td><td>27,954.86</td></tr> <tr><td>May-15</td><td>19</td><td>27,000</td></tr> <tr><td>Jun-15</td><td>17</td><td>27,000</td></tr> <tr><td>Jul-15</td><td>17</td><td>28,000</td></tr> <tr><td>Aug-15</td><td>18</td><td>27,000</td></tr> <tr><td>Sep-15</td><td>16</td><td>23,000</td></tr> <tr><td>Oct-15</td><td>17</td><td>27,000</td></tr> <tr><td>Nov-15</td><td>18</td><td>26,000</td></tr> <tr><td>Dec-15</td><td>25</td><td>30,000</td></tr> <tr><td>Jan-16</td><td>24</td><td>27,000</td></tr> <tr><td>Feb-16</td><td>19</td><td>24,000</td></tr> <tr><td>Mar-16</td><td>17</td><td>25,341.86</td></tr> </tbody> </table>		Month	BAL High (₹)	BSE Sensex High	Apr-15	22	27,954.86	May-15	19	27,000	Jun-15	17	27,000	Jul-15	17	28,000	Aug-15	18	27,000	Sep-15	16	23,000	Oct-15	17	27,000	Nov-15	18	26,000	Dec-15	25	30,000	Jan-16	24	27,000	Feb-16	19	24,000	Mar-16	17	25,341.86
Month	BAL High (₹)	BSE Sensex High																																							
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Feb-16	19	24,000																																							
Mar-16	17	25,341.86																																							
<b>8</b>	<p><b>Share Price Performance in comparison to BSE Sensex opened.</b></p> <p>The BSE Sensex open on 1<sup>st</sup> April, 2015 at 27954.86 and on 31<sup>st</sup> March, 2016, the Sensex closed at 25341.86. The market price of the shares of the Company on the BSE has varied from ₹ 14.00 to ₹ 25.00 during the period under review.</p>																																								
<b>9</b>	<b>Depository Connectivity</b>	<b>National Securities Depository Limited Central Depository Services (India) Ltd.</b>																																							
<b>10</b>	<b>Registrars &amp; Transfer Agent:</b> (Share transfer and communication regarding share certificates, Dividends & change of Addresses)	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)																																							
<b>11</b>	<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>																																								
<b>12</b>	<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 Schedule V of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.				
14	<b>a) Distribution of Shareholding as at 31st March, 2016</b>				
	Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Capital
	1 to 500	122136	96.82%	11180585	14.17%
	501 to 1000	2205	1.75%	1625973	2.06%
	1001 to 2000	843	0.67%	1228135	1.56%
	2001 to 3000	312	0.25%	774998	0.98%
	3001 to 4000	38	0.03%	136839	0.17%
	4001 to 5000	37	0.03%	173638	0.22%
	5001 to 10000	253	0.20%	2025703	2.57%
	10001 to 50000	252	0.20%	5611675	7.11%
	50001 to 100000	35	0.03%	2513755	3.19%
	100001 and above	36	0.03%	53619110	67.97%
	<b>Total</b>	<b>126147</b>	<b>100%</b>	<b>78890411</b>	<b>100%</b>
	<b>b) Categories of Shareholders as on 31st March, 2016</b>				
	Category	No. of Shares held		% of Total Shareholding	
	Promoter Group	44535816		56.45	
	Mutual Funds / UTI	13600		0.02	
	Financial Institution / Banks	596073		0.76	
	NRIs / OCBs / Foreign Institutional Investors / Other Foreign Shareholders (Other than Promoter Group)	2627964		3.33	
	Bodies Corporate	6588131		8.35	
	Indian Public	24527843		31.09	
	Others	984		0.00	
	<b>GRAND TOTAL</b>	<b>78890411</b>		<b>100.00</b>	
	Approximately 87.24% of the Equity shares have been dematerialized as on 31 <sup>st</sup> March, 2016. 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.)			


**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.	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>16.3</b> Administrative Address	The President & Company Secretary "Park Plaza, 1 <sup>st</sup> Floor, 71, Park Street, Kolkata - 700 016" Ph. Nos.: +91-33-4029-7000 Fax Nos. +91-33-2229-5693 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 & Share 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 Share Transfer Agent**

While writing to the Company and / or Registrar and Share 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 Share 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.





**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

30<sup>th</sup> May, 2016

We, Anil Sureka, Managing Director and R.K. Parakh, Chief Financial Officer of Balasore Alloys Limited, certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2016 and to the best of our knowledge and belief, we state that
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these Statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, Applicable laws and regulations;
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2016, which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit committee, and the steps have been taken or propose to take to rectify these deficiencies.
- d)
  - (i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - (iii) We are not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**R.K. Parakh**  
Chief Financial Officer  
DIN: 00459699

**Anil Sureka**  
Managing Director  
DIN: 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 31<sup>st</sup> March 2016, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the "Listing Regulations").

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 Listing Regulations. 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 the Listing Regulations.

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 : 30<sup>th</sup> May, 2016



## **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 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the 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 prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 30 to the standalone 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 Company. NESCO has raised total claim for Rs. 16,800.34 Lacs as at 31<sup>st</sup> March, 2016 (Rs. 16,699.05 Lacs as at 31<sup>st</sup> March, 2015) (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 Hon'ble 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.



## BALASORE ALLOYS LIMITED

Our Opinion is not qualified in respect of the same.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure - A**.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements as referred to in Note 26 and 29 to 30 to the standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Chaturvedi & Shah**  
*Chartered Accountants*  
 Firm Registration No. 101720W  
**Amit Chaturvedi**  
*Partner*  
 Membership No. 103141

Place : Kolkata  
 Date : May 30, 2016

### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF BALASORE ALLOYS LIMITED (Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **BALASORE ALLOYS LIMITED** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Place : Kolkata  
Date : May 30, 2016

**For Chaturvedi & Shah**  
*Chartered Accountants*  
Firm Registration No. 101720W  
**Amit Chaturvedi**  
*Partner*  
Membership No. 103141



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON  
THE STANDALONE FINANCIAL STATEMENTS OF BALASORE ALLOYS LIMITED**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of lands which are freehold, are held in the name of the Company as at the balance sheet date except certain portion of land which company is in process of getting in his name. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements for the said lands and building thereof are in the name of the Company except certain building which is pending for title clearance.
- ii. In our opinion the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- iii. In respect of the loans, secured or unsecured, granted by the company to companies covered in the register maintained under Section 189 of the Act:
  - a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - b. The repayment of principal and payment of interest are as per stipulated terms.
  - c. 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, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 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. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) 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 2016 , for a period of more than six months from the date they became payable are as under:

Nature of Dues	Amount (₹ in Lacs)	Period to which amount Relates
Income Tax	431.60	AY 2014-15
Income Tax	2,511.12	AY 2015-16
Income Tax (Advance Tax)	404.85	AY 2016-17
<b>Total</b>	<b>3,347.57</b>	





- b) The disputed statutory dues aggregating ₹ 2,281.79 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 (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax (including interest)	137.51	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)	70.92	1997-98	Sales Tax Appellate Tribunal
			10.66	1995-97 & 2011-13	Additional Commissioner
			437.97	2007-2013	Orissa High Court, Cuttack
3.	Entry Tax Act, 1999	Entry Tax	807.06	2008-14	Additional Commissioner
			92.96	2007-13	Orissa High Court, Cuttack
4.	Central Excise Act, 1944	Excise Duty (including interest)	51.45	2010-2013	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>2,281.79</b>		

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks and dues to debenture holders. The Company has not borrowed any funds from financial institutions.
- ix. In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable to the company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected and covered under section 192 of the Act. Hence, clause (xv) of paragraph 3 of the Order is not applicable to the Company.
- xvi. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Shah**  
*Chartered Accountants*  
 Firm Registration No. 101720W  
**Amit Chaturvedi**  
*Partner*  
 Membership No. 103141

Place : Kolkata  
 Date : May 30, 2016

**BALASORE ALLOYS LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2016**

			(₹ in Lacs)
		<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>		
<b>Shareholders' funds</b>			
a. Share Capital	3	<b>4,096.38</b>	3,696.38
b. Reserves and Surplus	4	<b>83,785.34</b>	86,195.77
c. Money Received Against Equity Share Warrants		<b>935.89</b>	-
		<b>88,817.61</b>	89,892.15
<b>Non-current liabilities</b>			
a. Long-Term Borrowings	5	<b>1,906.35</b>	3,828.20
b. Deferred Tax Liabilities (net)	6	<b>1,580.20</b>	1,040.06
c. Long-Term Provisions	7	<b>1,120.71</b>	1,084.98
		<b>4,607.26</b>	5,953.24
<b>Current liabilities</b>			
a. Short-Term Borrowings	8	<b>9,347.69</b>	5,864.28
b. Trade Payables	9		
Micro and Small Enterprises		<b>45.89</b>	54.19
Others		<b>25,584.51</b>	22,058.01
c. Current Maturities of Long-Term Borrowings	5	<b>1,939.82</b>	1,894.12
d. Other Current Liabilities	10	<b>7,221.73</b>	5,653.74
e. Short-Term Provisions	7	<b>4,154.19</b>	4,541.51
		<b>48,293.83</b>	40,065.84
<b>TOTAL</b>		<b>141,718.70</b>	135,911.23
<b>ASSETS</b>			
<b>Non-current assets</b>			
a. Fixed Assets	11		
Tangible Assets		<b>86,198.48</b>	91,878.38
Intangible Assets		<b>1,786.82</b>	1,563.74
Capital Work-in-Progress		<b>9,024.80</b>	7,269.22
b. Non-Current Investments	12	<b>3,412.48</b>	3,402.48
c. Long-Term Loans and Advances	13	<b>9,908.54</b>	5,697.97
		<b>110,331.12</b>	109,811.79
<b>Current assets</b>			
a. Inventories	16	<b>13,275.10</b>	12,648.09
b. Trade Receivables	15	<b>2,457.97</b>	1,309.74
c. Cash and Bank Balances	17	<b>1,507.64</b>	776.05
d. Short-Term Loans and Advances	13	<b>13,351.32</b>	10,689.62
e. Other Current Assets	14	<b>795.55</b>	675.94
		<b>31,387.58</b>	26,099.44
<b>TOTAL</b>		<b>141,718.70</b>	135,911.23
Significant Accounting Policies	2		
Notes on Financial Statements	3-45		

The accompanying notes are forming 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 : 30th May, 2016

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

			(₹ in Lacs)
	Notes	2015-16	2014-15
<b>INCOME</b>			
Gross Revenue From Operations	18	87,443.23	87,938.46
Less: Excise Duty		3,646.17	3,152.99
<b>Net Revenue From Operations</b>		<b>83,797.06</b>	<b>84,785.47</b>
Other Income	19	673.53	3,380.90
<b>Total Revenue (I)</b>		<b>84,470.59</b>	<b>88,166.37</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	20	26,316.16	26,807.19
Purchase of Stock-in-Trade		826.73	-
(Increase)/ Decrease in Inventories	21	47.75	22.54
Power		25,530.61	23,274.99
Employee Benefit Expenses	22	5,677.02	6,085.91
Other Expenses	23	17,196.25	17,746.36
<b>Total (II)</b>		<b>75,594.52</b>	<b>73,936.99</b>
<b>Profit Before Finance Costs, Tax, Depreciation &amp; Amortization (I) (II)</b>		<b>8,876.07</b>	<b>14,229.37</b>
Depreciation & Amortization expenses	24	2,225.95	2,106.38
Finance Costs	25	3,151.37	3,539.77
<b>Profit Before Exceptional Item &amp; Tax</b>		<b>3,498.75</b>	<b>8,583.23</b>
Exceptional Item		-	4,367.31
<b>Profit Before Taxes (III)</b>		<b>3,498.75</b>	<b>4,215.92</b>
<b>Tax expenses</b>			
Current Tax		830.44	2,060.45
Deferred Tax Charge		540.14	(544.51)
Taxation Expenses of Earlier Years		259.08	(224.11)
<b>Total Tax Expenses (IV)</b>		<b>1,629.66</b>	<b>1,291.83</b>
<b>Profit For the Year [(III) - (IV)]</b>		<b>1,869.09</b>	<b>2,924.09</b>
Earnings Per Equity Share (Nominal Value of Share ₹ 5/-)			
Basic EPS (₹)		2.50	4.14
Diluted EPS (₹)		2.50	4.14

Significant Accounting Policies 2  
Notes on Financial Statements 3-45

The accompanying notes are forming 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 : 30th May, 2016

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, 2016**

	Notes	2015-16	2014-15
(₹ in Lacs)			
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit Before Tax		3,498.76	4,304.36
Adjustment For :			
Depreciation/Amortisation Expenses		2,225.95	2,106.38
Profit on Sale/Discard of Fixed Assets (Net)		14.58	(486.37)
Unrealized Foreign Exchange Loss		(57.28)	(1.09)
Unspent Liabilities no Longer Required Written Back		(147.87)	(1,006.80)
Loss on Sale of Investment		-	490.00
Irrecoverable Debts , Deposits & Advances Written Off		771.69	212.91
Provision for Doubtful Debts/Advances		9.64	244.94
Interest Expense		2,771.05	2,923.20
Interest Income		(495.64)	(479.54)
<b>Operating Profit Before Working Capital Changes</b>			
Movements in Working Capital :			
Increase/ (Decrease) in Trade Payables and Other Current Liabilities		5,470.43	4,455.77
Increase/ (decrease) in Provisions		(7.27)	199.11
Decrease / (Increase) in Trade Receivables		(1,148.00)	(263.57)
Decrease / (Increase) In Inventories		(627.01)	(2,839.17)
Decrease / (Increase) in Loans and Advances and Other Assets		(4,214.88)	(3,267.33)
Cash Generated From /(Used in) Operations		8,064.15	6,592.80
Taxes Paid (Net)		(1,767.58)	(2.77)
<b>Net Cash Flow From Operating Activities (A)</b>		<b>6,296.57</b>	<b>6,590.03</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets (Including CWIP and Capital Advances)		(6,730.14)	(6,328.21)
Refund of Advance Against Strategic Investment		-	19,875.00
Proceeds on Sale of Investments		(0.00)	200.00
Purchase of Investment		(10.00)	(325.00)
Proceeds From Sale of Fixed Assets		5.10	759.93
Maturity of/(Investment in) Fixed Deposit		(159.37)	15.50
Interest Received		376.03	119.35
<b>Net Cash Flow From/(Used) in Investing Activities (B)</b>		<b>(6,518.38)</b>	<b>14,316.57</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds From Issue of Share Capital		1,360.00	792.00
Proceeds From Money Received Against Share Warrant		935.89	-
Repayment of Long-Term Borrowings		(1,876.15)	(17,218.59)
Dividend Paid on Equity Shares (Including Dividend Distribution Tax)		(495.62)	(481.23)
Net Movement in Short-term Borrowings		3,494.60	(418.44)
Interest Paid		(2,624.70)	(3,518.49)
<b>Net Cash Flow From (Used) in Financing Activities (C)</b>		<b>794.01</b>	<b>(20,844.74)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>		<b>572.20</b>	<b>61.86</b>
<b>Cash &amp; Cash Equivalents as at the Beginning of the Year</b>		<b>191.54</b>	<b>129.68</b>
<b>Cash &amp; Cash Equivalents as at the End of the Year</b>		<b>763.76</b>	<b>191.54</b>
<b>Cash &amp; Cash Equivalents as at the End of the Year Includes</b>			
Cash-on-Hand		198.09	22.39
Balances with banks:			
In Current Accounts		489.25	109.04
In Unpaid Dividend Account *		76.42	60.11
<b>Cash and Cash Equivalents at the End of the Year (Ref Note 17)</b>		<b>763.76</b>	<b>191.54</b>

Significant Accounting Policies

2

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

The accompanying notes are forming 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 : 30th May, 2016

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, 2016****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 deprecation 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.



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 3. Share capital

	As at 31st March, 2016	(₹ in Lacs) As at 31st March, 2015
<b>Authorized shares</b>		
200,000,000 (200,000,000) Equity Shares of ₹ 5/- Each	<b>10,000.00</b>	10,000.00
<b>Issued and subscribed shares</b>		
81,934,263 (73,934,263) Equity Shares of ₹ 5/- Each	<b>4,096.71</b>	3,696.71
<b>Paid-up shares</b>		
78,890,411 (70,890,411) Equity Shares of ₹ 5/- Each Fully Paid up	<b>3,944.52</b>	3,544.52
Add: Shares Forfeited	<b>151.86</b>	151.86
<b>Total</b>	<b>4,096.38</b>	3,696.38

#### (a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

##### Equity shares

	As at 31st March, 2016		As at 31st March, 2015	
	No. in lacs	₹ In lacs	No. in lacs	₹ In lacs
At the Beginning of the Year	708.90	3,544.52	642.90	3,214.52
Issued During the Year	80.00	400.00	66.00	330.00
<b>Outstanding at the End of the Year</b>	<b>788.90</b>	<b>3,944.52</b>	708.90	3,544.52

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

- (i) The company has only one class of equity shares having par value of ₹ 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 except in case of interim dividend.
- (ii) In the event of liquidation of the company, the equity shareholders 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, 2016		As at 31 March, 2015	
	Numbers	% holding	Numbers	% holding
Goldline Tracom Private Limited	12,402,346	15.72%	12,402,346	17.50%
Jal Tarang Vanijya Pvt Ltd	8,000,000	10.14%	-	-
Navoday Highrise Private Limited	7,346,635	9.31%	7,346,635	10.36%
Navoday Niketan Private Limited	4,953,215	6.28%	4,953,215	6.99%

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

	(₹ in Lacs)
	As at 31st March, 2016
	As at 31st March, 2015
<b>Capital Reserve</b>	
Balance as per the last financial statements	
Capital investment subsidy (a)	41.96
Amount arisen on forfeiture of equity warrants (b)	490.00
<b>Revaluation Reserve</b>	
Balance as per the last financial statements	50,819.48
Less : Discard of revaluation asset	-
Less: Amount transferred to the statement of profit and loss as reduction from depreciation ( Refer Note 24)	(4,669.82)
<b>Closing Balance (c)</b>	46,149.66
<b>Securities Premium Account</b>	
Balance as per the last financial statements	2,276.00
Add : On issue of Shares	960.00
<b>Closing Balance (d)</b>	3,236.00
<b>General Reserve</b>	
Balance as per the last financial statements	7,876.47
Add : Transfer From Profit and Loss Account	46.73
<b>Closing Balance (e)</b>	7,923.20
<b>Debenture Redemption Reserve</b>	
Balance as per the last financial statements	818.84
Add : Transfer From/(to) Profit and Loss Account	(78.86)
<b>Closing Balance (f)</b>	739.98
<b>Surplus in the Profit and Loss Account</b>	
Balance as per the last financial statements	23,873.02
Profit For The Year	1,869.09
Less : adjustment relating to fixed assets	-
	25,742.11
Less: Appropriations	
Transfer to general reserve	(46.73)
Transfer (to)/from debenture redemption reserve	78.86
Dividend paid for previous year	-
Tax on dividend	-
Proposed dividend [dividend per share ₹ 0.60 (₹ 0.60)]	(473.34)
Tax on dividend	(96.36)
	(537.57)
<b>Net surplus in the Profit and Loss Account (g)</b>	25,204.54
<b>Total Reserves and Surplus (a to g)</b>	83,785.34
	86,195.77



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 5. Long-term borrowings

(₹ in Lacs)

	Non Current Position		Current maturities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>A) Secured</b>				
Deferred Payment Credits	344.44	704.39	377.91	332.21
<b>Total (i)</b>	<b>344.44</b>	<b>704.39</b>	<b>377.91</b>	<b>332.21</b>
<b>11% Redeemable Non-Convertible Debentures</b>				
<b>STATE BANK OF INDIA</b>	<b>1,331.53</b>	<b>2,663.05</b>	<b>1,331.53</b>	<b>1,331.53</b>
39,94,580 Nos (39,94,580), 11% redeemable non-Convertible debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>STATE BANK OF HYDERABAD</b>	<b>166.31</b>	<b>332.63</b>	<b>166.31</b>	<b>166.31</b>
4,98,940 Nos(4,98,940), 11% redeemable non-convertible debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>ALLAHABAD BANK</b>	<b>64.07</b>	<b>128.13</b>	<b>64.07</b>	<b>64.07</b>
1,92,200 Nos(1,92,200), 11% redeemable non-convertible debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>Total (iii)</b>	<b>1,561.91</b>	<b>3,123.81</b>	<b>1,561.91</b>	<b>1,561.91</b>
<b>Total (i+ii)</b>	<b>1,906.35</b>	<b>3,828.20</b>	<b>1,939.82</b>	<b>1,894.12</b>

### 5.1 Indian rupee loan from banks

#### a) Maturity Profile

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
11% Redeemable Non-Convertible Debentures	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	2016-17	2017-18	2018-19	2019-20	2020-21
Deferred Payment Credits	377.91	276.49	67.96	—	—

#### 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)**

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Deferred tax liabilities</b>		
Timing difference on depreciable assets	<b>3,500.37</b>	3,076.19
<b>(A)</b>	<b>3,500.37</b>	3,076.19
<b>Deferred tax assets</b>		
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961	<b>1,648.32</b>	1,785.41
Other disallowance under Income Tax Act, 1961	<b>271.85</b>	250.72
<b>(B)</b>	<b>1,920.17</b>	2,036.13
<b>Net deferred tax liabilities (A-B)</b>	<b>1,580.20</b>	1,040.06

**7. Provisions**

(₹ in Lacs)

	<b>Non Current Provisions</b>		<b>Current Provisions</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Provision for employee benefits: (Ref Note 34)</b>				
Gratuity	<b>669.30</b>	631.41	<b>12.61</b>	34.65
Superannuation	-	-	<b>40.62</b>	50.61
Compensated Absences	<b>398.11</b>	403.57	<b>24.39</b>	35.35
	<b>1,067.41</b>	1,034.98	<b>77.62</b>	120.61
<b>Other Provisions For -</b>				
Taxation (Net of Advance Taxes)	-	-	<b>3,506.87</b>	3,908.97
Site Restoration	<b>53.30</b>	50.00	-	-
Proposed Dividend	-	-	<b>473.34</b>	425.34
Tax on Dividend	-	-	<b>96.36</b>	86.59
	<b>53.30</b>	50.00	<b>4,076.57</b>	4,420.90
<b>Total</b>	<b>1,120.71</b>	1,084.98	<b>4,154.19</b>	4,541.51

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 2016</b>
At The Beginning Of The Year	50.00
Arisen During The Year	3.30
Utilized During The Year	-
<b>At The End Of The Year</b>	<b>53.30</b>
Non-Current Portion	53.30



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 8. Short-term borrowings

(₹ in Lacs)

	As at 31st March 2016	As at 31st March 2015
<b>A) Secured Loans</b>		
<b>Working Capital Loan</b>		
<b>From Bank-</b>		
Ruppee Loan	3,852.18	2,353.87
Foreign Currency Loan	3,772.51	2,790.41
<b>(A)</b>	<b>7,624.69</b>	<b>5,144.28</b>
<b>B) Unsecured Loans</b>		
Loans from Body Corporates	1,723.00	720.00
<b>(B)</b>	<b>1,723.00</b>	<b>720.00</b>
<b>Total</b>	<b>(A+B) 9,347.69</b>	<b>5,864.28</b>

8.1 Working capital loan from banks referred above are secured by first charge over current assets and 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 personal guarantee of Mr Pramod Mittal, Mr V K Mittal (for part of secured loan) ,Mrs Vartika Mittal Goenka (for part of secured loan) and 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

(₹ in Lacs)

	<b>Current position</b>	
	As at 31st March, 2016	As at 31st March, 2015
Acceptances	4,501.01	3,273.57
Micro and Small Enterprises	45.89	54.19
Creditor for Goods, Services etc (including retention money)	21,083.50	18,784.43
<b>Total</b>	<b>25,630.40</b>	<b>22,112.19</b>

A) The details of amounts outstanding to Micro and Small Enterprises based on available information with the company is as Under:

(₹ in Lacs)

<b>Particulars</b>	As at 31st March, 2016	As at 31st March, 2015
Principal Amount Due and Remaining Unpaid	45.89	54.19
Interest Due on Above and The Unpaid Interest	6.06	7.28
Interest Paid	-	-
Payment Made Beyond the Appointed Day During the Year	-	-
Interest Due and Payable for the Period of Delay	6.06	4.87
Interest Accrued and Remaining Unpaid	6.06	4.87
Amount of further interest remaining due and payable in succeeding years	6.06	7.28

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

		(₹ in Lacs)
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Interest accrued but not due on borrowings	<b>2.50</b>	182.56
Interest accrued and due on borrowings	<b>96.01</b>	45.55
Advance from customers	<b>2,674.94</b>	1,429.72
Unpaid Dividend *	<b>76.42</b>	60.11
Creditors for Capital expenditure	<b>586.53</b>	666.84
Statutory Dues	<b>1,579.17</b>	798.18
Temporary Book Overdraft	<b>352.41</b>	-
Claims Payable	<b>765.11</b>	696.96
Other liabilities**	<b>1,088.65</b>	1,773.82
<b>Total</b>	<b>7,221.73</b>	5,653.74

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

\*\* It includes ₹ 848.80 lacs (₹ 1,627.80 lacs) payables against arrangement for procurement of raw materials.

# NOTES TO THE FINANCIAL STATEMENTS (contd.)



## BALASORE ALLOYS LIMITED

### 11. FIXED ASSETS

(₹ in Lacs)

Description	Gross Block			Depreciation/ amortisation			Net block	
	As at 1st April, 2015	Additions	Deductions/ Adjustments	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions/ Adjustments	As at 31st March, 2016
<b>(i) Tangible assets</b>								
<b>Own assets:</b>								
Freehold land	1,264.24	1.20	-	1,265.44	-	-	-	1,265.44
Buildings	12,618.26	226.27	20.48	12,824.05	2,925.94	797.67	19.46	9,119.90
Plant and machinery	40,213.88	558.97	28.31	40,744.54	21,198.94	1,238.23	26.90	18,334.27
Office Equipment	320.95	26.97	5.90	342.02	193.57	42.41	5.60	111.64
Furniture and fixtures	380.63	64.59	16.47	428.75	209.58	27.17	15.64	207.64
Vehicles	882.30	81.17	25.42	938.05	140.46	106.38	15.66	706.87
Computer & Peripherals	359.12	10.00	2.82	366.30	162.42	76.29	1.55	129.14
<b>Sub-Total</b>	<b>56,039.38</b>	<b>969.17</b>	<b>99.40</b>	<b>56,909.15</b>	<b>24,830.91</b>	<b>2,288.15</b>	<b>84.81</b>	<b>29,874.90</b>
<b>Leased assets:</b>								
Leasehold land	287.77	-	-	287.77	35.51	3.48	-	248.78
Mining Lease	85,279.23	-	-	85,279.23	24,861.58	4,342.85	-	56,074.80
<b>Sub-Total</b>	<b>85,567.00</b>	<b>-</b>	<b>-</b>	<b>85,567.00</b>	<b>24,897.09</b>	<b>4,346.33</b>	<b>-</b>	<b>56,323.58</b>
<b>Total (i)</b>	<b>141,606.38</b>	<b>969.17</b>	<b>99.40</b>	<b>142,476.15</b>	<b>49,728.00</b>	<b>6,634.48</b>	<b>84.81</b>	<b>86,198.48</b>
<b>(ii) Intangible assets</b>								
Computer Software	633.06	19.49	-	652.55	252.61	184.28	-	215.66
Mines Development	1,514.59	468.07	-	1,982.66	331.30	80.20	-	1,571.16
<b>Total (ii)</b>	<b>2,147.65</b>	<b>487.56</b>	<b>-</b>	<b>2,635.21</b>	<b>583.91</b>	<b>264.48</b>	<b>-</b>	<b>1,786.82</b>
<b>Total (i+ii)</b>	<b>143,754.03</b>	<b>1,456.73</b>	<b>99.40</b>	<b>145,111.36</b>	<b>50,311.91</b>	<b>6,898.96</b>	<b>84.81</b>	<b>87,985.30</b>
<b>Previous year</b>	<b>140,335.54</b>	<b>6,423.67</b>	<b>3,005.18</b>	<b>143,754.03</b>	<b>45,492.11</b>	<b>6,947.81</b>	<b>2,128.06</b>	<b>93,442.17</b>
<b>Capital work-in-progress</b>								<b>9,024.80</b>

(11.1) Includes ₹ 76,337.69 lacs (credited to Revaluation Reserve) and ₹ 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(11.2) It includes Land ₹ 50 Lacs, Buildings ₹ 410 Lacs and Plant & equipment ₹ 334.21 Lacs purchased in the financial year 2012 -13 in which title clearance is pending.

(11.3) Capital Work-in-progress include:

- ₹ 1,556.69 Lacs (₹ 1070.11 Lacs) on account of project development expenditure.
- ₹ 912.96 Lacs (₹ 601.56 Lacs) on account of cost of construction materials at site.

(11.4) Project Development Expenditure (in respect of projects upto 31.03.2016, included under capital work in progress)

	(₹ in lacs)
	2014-2015
Opening Balance	701.30
Add:	
Employee Benefit Expenses	284.63
Travelling And Conveyance	57.68
Miscellaneous Expenses	26.50
	368.81
Closing Balance	1,070.11

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

	<b>As at 31st March, 2016</b>	(₹ in Lacs) As at 31st March, 2015
<b>Trade investments</b> (valued at cost unless stated otherwise)		
<b>Unquoted equity shares</b>		
<b>Investment in associate</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 ₹ 54 (₹ 54)]	-	-
<b>Investment in associate</b>		
17000 (17000) Equity Shares of ₹ 10 each fully paid-up in Balasore Energy Limited	<b>1.70</b>	1.70
<b>Investment in Other</b>		
3000000 (3000000) equity shares of ₹ 10 each fully paid-up in Facor Power Limited	<b>300.00</b>	300.00
<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 Others</b>		
<b>Unquoted equity shares</b>		
300000 (300000) equity shares of ₹ 10 each fully paid-up in Elephanta Gases Limited	<b>30.00</b>	30.00
<b>Unquoted mutual funds</b>		
250000 (250000) Dual Advantage Fund - Series- V units of ₹ 10 each fully paid-up in SBI Mutual Fund	<b>25.00</b>	25.00
100000 (Nil) Dual Advantage Fund - Series- X units of ₹ 10 each fully paid-up in SBI Mutual Fund	<b>10.00</b>	-
<b>Unquoted debentures</b>		
850000 (850000) 12% Unsecured redeemable non-convertible debentures of ₹ 100 each fully paid-up in Krish Trexim Private Limited	<b>850.00</b>	850.00
<b>Total</b>	<b>3,412.48</b>	3,402.48
Aggregate amount of Unquoted investments	<b>3,412.48</b>	3,402.48



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 13. Loans and advances (Unsecured, considered good unless stated otherwise) (₹ in Lacs)

		Non Current		Current	
		As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Capital advances [including doubtful Nil Lacs (₹ 78.80 Lacs)]		4,514.46	1,078.84	-	-
Provision for doubtful advances		-	(78.80)	-	-
	(A)	4,514.46	1,000.04	-	-
Advances recoverable in cash or kind					
Considered good - Others		-	-	9,462.11	5,773.83
Considered doubtful - Others		9.64	496.02	-	-
		9.64	496.02	9,462.11	5,773.83
Provision for doubtful advances		(9.64)	(496.02)	-	-
	(B)	-	-	9,462.11	5,773.83
Loans					
Body Corporates		-	-	1,382.00	1,382.00
Body Corporates - Related Parties		2,267.00	1,917.00	-	-
Considered doubtful		-	500.00	-	-
Advance to Employees		-	-	52.31	74.53
		2,267.00	2,417.00	1,434.31	1,456.53
Provision for doubtful advances		-	(500.00)	-	-
	(C)	2,267.00	1,917.00	1,434.31	1,456.53
Security Deposits	(D)	3,127.08	2,780.93	21.17	28.46
Others (Considered Good)					
Balances with statutory / government authorities		-	-	1,552.39	2,480.68
Export benefits receivables		-	-	709.14	804.84
Others		-	-	172.20	145.28
	(E)	-	-	2,433.73	3,430.80
<b>Total</b>	(A to E)	<b>9,908.54</b>	<b>5,697.97</b>	<b>13,351.32</b>	<b>10,689.62</b>

### 14. Other Assets (Unsecured, considered good unless stated otherwise) (₹ in Lacs)

		As at 31st March, 2016	As at 31st March, 2015
<b>Others</b>			
Interest Receivable on			
Bank Deposits		13.93	40.26
Long-term investments		367.20	275.40
Loans, Other Deposits		412.96	360.22
Others		1.46	0.06
<b>Total</b>		<b>795.55</b>	<b>675.94</b>



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

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered good	<b>302.66</b>	295.03
Considered doubtful	-	-
	<b>302.66</b>	295.03
Provision for doubtful receivables	-	-
<b>(A)</b>	<b>302.66</b>	295.03
Other receivables (considered good) <b>(B)</b>	<b>2,155.31</b>	1,014.71
<b>Total (A+B)</b>	<b>2,457.97</b>	1,309.74

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

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Raw materials and components [includes in transit and pledged ₹32.70 Lacs (₹ 2,148.98 Lacs)]	<b>10,562.18</b>	9,470.82
Stores, Spares & Consumables	<b>1,429.11</b>	1,839.62
Finished goods	<b>607.78</b>	661.88
Stock under process	<b>169.31</b>	445.96
<u>At estimated net realisable value</u>		
Saleable Scraps	<b>506.72</b>	229.81
<b>Total</b>	<b>13,275.10</b>	12,648.09



# BALASORE ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (contd.)

### 17. Cash and bank balances

		(₹ in Lacs)
	As at 31st March, 2016	As at 31st March, 2015
<b>Cash and cash equivalents</b>		
Balances with banks:		
In current accounts	489.25	109.04
In Deposit (Maturity of three months or less)	23.46	14.30
In unpaid dividend account	76.42	60.11
Cash on hand	198.09	22.39
<b>(A)</b>	<b>787.22</b>	<b>205.84</b>
<b>Other bank balances</b>		
Margin money deposit #	720.42	570.21
<b>(B)</b>	<b>720.42</b>	<b>570.21</b>
<b>Total (A+B)</b>	<b>1,507.64</b>	<b>776.05</b>

# Fixed deposits are pledged with banks as security against guarantees / letters of credit issued by them.

		(₹ in Lacs)
	2015-16	2014-15
<b>18. Revenue from operations</b>		
<b>Revenue from operations</b>		
Sale of products		
Finished goods	84,005.72	84,165.71
Trading Sales	948.13	-
Saleable Scraps	662.64	476.80
Export Benefits	1,669.69	3,052.76
Other operating revenue		
Scrap sales	157.05	243.19
<b>Revenue from operations (gross)</b>	<b>87,443.23</b>	<b>87,938.46</b>
Less: Excise duty	3,646.17	3,152.99
<b>Total Revenue from operations (net)</b>	<b>83,797.06</b>	<b>84,785.47</b>

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

		(₹ in Lacs)
	<u>2015-16</u>	<u>2014-15</u>
<b>19. Other income</b>		
Interest income on		
Bank deposits	92.04	47.07
Long-term investments	102.00	184.80
Loan, advances, deposits etc	300.18	196.75
Others	1.42	50.92
Insurance Claims	11.08	10.02
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	147.87	1,006.80
Gain on Foreign Exchange Fluctuation (net)	-	1,143.90
Others	18.94	14.58
<b>Total</b>	<u>673.53</u>	<u>3,380.90</u>
		(₹ in Lacs)
	<u>2015-16</u>	<u>2014-15</u>
<b>20 Cost of raw materials consumed</b>		
Inventory at the beginning of the year	9,470.82	6,780.35
Add: Purchases	27,407.52	29,497.65
	<u>36,878.34</u>	<u>36,278.01</u>
Less: Inventory at the end of the period	10,562.18	9,470.82
Cost of raw materials Consumed	<u>26,316.16</u>	<u>26,807.19</u>
<b>a) Details of raw materials consumed</b>		
Chrome Ore (including own generation/briquetted)	12,961.95	13,315.37
Coal and Coke etc.	10,467.17	9,864.98
Carbon Paste	693.19	765.05
Quartz	941.57	697.79
Magnesite	333.69	406.24
Dolomite	236.02	319.42
Others	682.57	1,438.35
<b>Total</b>	<u>26,316.16</u>	<u>26,807.19</u>

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****21. (Increase) / decrease in inventories**

(₹ in Lacs)

	<b>2015-16</b>	<b>2014-15</b>
<b>Inventories at the end of the period:</b>		
Stock under process	169.31	445.96
Finished goods	607.78	661.88
Saleable Scraps	517.33	237.61
	<b>1,294.42</b>	<b>1,345.45</b>
<b>Inventories at the beginning of the year:</b>		
Stock under process	445.96	475.67
Finished goods	661.88	609.41
Saleable Scraps	237.61	279.44
	<b>1,345.45</b>	<b>1,364.52</b>
Less: (Increase)/decrease of excise duty on inventories	3.28	(3.47)
<b>Total</b>	<b>47.75</b>	<b>22.54</b>

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**

(₹ in Lacs)

	<b>2015-16</b>	<b>2014-15</b>
Salaries, wages and bonus	4,922.97	5,189.72
Contribution to provident and other funds	264.37	246.93
Gratuity expense	30.81	212.45
Staff welfare expenses	458.87	436.81
<b>Total</b>	<b>5,677.02</b>	<b>6,085.91</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****23. Other Expenses**

(₹ in Lacs)

	<b>2015-16</b>	<b>2014-15</b>
Consumption of stores and spares	<b>2,279.40</b>	2,196.64
Contract Labour Charges	<b>1,658.01</b>	1,383.50
Packing and Carriage charges	<b>2,895.68</b>	4,182.54
Rent & Hire Charges	<b>746.71</b>	855.02
Rates and taxes	<b>87.45</b>	77.35
Insurance	<b>103.84</b>	93.53
Repairs and maintenance		
Plant and machinery	<b>810.50</b>	678.04
Buildings	<b>77.76</b>	88.25
Others	<b>955.64</b>	298.77
Commission on Sales (other than sole selling agent)	<b>548.98</b>	363.55
Travelling and conveyance	<b>1,635.56</b>	2,075.85
Charity and Donations	<b>23.79</b>	17.61
Communication costs	<b>191.69</b>	178.90
Legal and professional fees	<b>2,309.11</b>	2,499.58
Directors' sitting fees	<b>30.10</b>	15.10
Auditors' Remuneration as auditor:		
Audit fee	<b>33.00</b>	30.00
Limited review fee	<b>27.04</b>	24.00
Tax audit fee	<b>10.00</b>	7.00
In Other Capacity for Certification	<b>16.05</b>	14.00
Reimbursement of Expenses to auditor	<b>0.70</b>	1.58
Items pertaining to Previous Years (net)	<b>23.58</b>	-
Loss on sale of investments	-	490.00
Corporate Social Responsibility Expenses *	<b>128.38</b>	114.11
Site Development Expenses	<b>51.23</b>	112.95
Loss on Foreign Exchange Fluctuation (net)	<b>219.27</b>	-
Bad debts / advances written off	<b>771.69</b>	212.91
Provision for doubtful debts and advances	<b>9.64</b>	244.94
Loss on sale/Discard of fixed assets (net)	<b>9.48</b>	196.15
Loss on Sale of raw material	<b>38.65</b>	-
Miscellaneous expenses	<b>1,503.32</b>	1,294.49
<b>Total</b>	<b>17,196.25</b>	<b>17,746.36</b>

**Note :**

CSR amount required to be spent as per section 135 of Companies Act, 2013, read with schedule-VII thereof by the company during the year is ₹ 111.14 lacs (Previous year ₹ 114.11 lacs)

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****24. Depreciation & amortization expense**

(₹ in Lacs)

**Particulars****As at 31st  
March, 2016****As at 31st  
March, 2015**

Depreciation of tangible assets

**6,631.29**

6,571.06

Amortization of intangible assets

**264.48**

214.55

**6,895.77**

6,785.61

Less: Recoupment from revaluation reserve [Refer note 4(c)]

**(4,669.82)****(4,679.23)****Total****2,225.95****2,106.38****25. Finance costs****Interest**

— To Banks [Net of recoveries ₹ 377.47 lacs (₹ 401.99 lacs)]

**1,257.47**

1,578.00

— To Others

**1,513.58**

1,469.03

Other borrowing cost

**370.50**

487.15

Exchange difference to the extent considered as an adjustment to borrowing costs

**9.82**

5.59

**Total****3,151.37****3,539.77****26. Contingent liabilities not provided for in respect of:**

a) Sales tax matters under appeal

**492.47**

479.76

{Amount paid under appeal ₹ 70.25 lacs (₹ 65.31 lacs)}\*

b) Entry tax matters

**1,000.28**

219.46

{Amount paid under appeal ₹ 100.26 lacs (₹ 34.88 lacs)}\*

c) Excise / Service tax matters

**1,287.75**

1228.43

{Amount paid under appeal ₹ 29.63 lacs (₹ 23.14 lacs)}\*

d) Un-expired Bank Guarantees and Letters of Credit

**731.82**

863.01

e) Bills discounted with Banks

**4,606.43**

4,035.66

\* In respect of above cases based on favourable decisions in similar cases and discussion with legal counsels the management is of the opinion that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

**27. Capital and other commitment:**

Estimated amount of Capital commitments (Net of Advances) ₹ 5,430.88 lacs (₹ 4,431.76 lacs)

28. The Income-Tax Assessments of the Company have been completed up to Assessment Year 2013-14. The disputed demand up to the said assessment years is ₹ 137.51 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. Demand notices has been issued by Deputy Director of Mines, Jajpur road, Odisha amounting to ₹ 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.

30. North Eastern Electricity Supply Company of Orissa Limited (NESCO) had entered into a settlement agreement in the year 2005 under which certain outstanding dues were settled and paid off by the Company. Subsequently, NESCO wrongfully revoked the settlement in the year 2010 after having acted upon the settlement. The alleged claims amount upto 31st March, 2016 is ₹ 20,200.34 lacs (including delayed payment surcharge). Such revocation of settlement was arbitrary and illegal. In the circumstances, the company approached various Judicial Forums including Hon'ble Supreme Court. At present the matter is pending before the Hon'ble High Court of Orissa. The Company has paid to NESCO ₹ 3,400 lacs and duly provided the same in the accounts towards such claims. The company continues to receive un-interrupted power supply from NESCO. Pending final adjudication of the court proceedings and based on the advice of the legal counsels, no further provision has been made towards aforesaid claims.

31. The State Trading Corporation of India on 13th May, 2015 through the Ministry of Commerce and Industry has recorded a statement on the floor of the Rajya Sabha that a sum of ₹ 5,855 Lacs is recoverable from the Company as on 31.03.2015. The alleged demand is very much disputed by the Company and is the subject matter for ascertainment by the Hon'ble Arbitral Tribunal consisting of two Hon'ble Retired Judges of Hon'ble Supreme Court and one Hon'ble Retired Judge of Hon'ble Calcutta High Court. The Company disputes such liability and is awaiting the adjudication by Hon'ble Arbitral Tribunal. However, by way of abundant caution and prudence, the Company has accounted for such alleged disputed amount without admitting the same. The final adjudication is subjudice and pending before the Hon'ble Arbitral Tribunal.



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

32. As per notification no. 7745-IV(A)SM-44/2015 (PT-IV)/SM dated 18<sup>th</sup> August, 2015 of Government of Odisha, miners producing major minerals in the State would be required to pay 30% of the applicable royalty to the District Mineral Foundation (DMF), which was set-up as per the provisions of section 9B of the Mines and Minerals (Development and Regulation) Act, 1957. Later, Govt. of India, Ministry of Mines vide its order dated 17th September, 2015, has notified that the DMF provisions will come into force from 12th January, 2015. This retrospective applicability has been challenged in Hon'ble Delhi High Court by Federation of Indian Mineral Industries (FIMI) & others and the matter has been stayed. Being, the date from which DMF is applicable is in dispute the Company has not recognized the liability of ₹ 1091.95 lacs, calculated from 12<sup>th</sup> January, 2015 to 16<sup>th</sup> September, 2015.
33. The Company being one of the Promoter of Ispat Profile India Limited (IPIL), has given an interest bearing loan of ₹ 2,267 Lacs to IPIL as on 31.03.2016, to facilitate the one time settlement of outstanding dues of IPIL with its some of the common lenders, so that Company can get working capital limits for its operation and financial facilities for its ongoing projects, growth and expansion plans. Presently, IPIL winding up order has been confirmed by Hon'ble Delhi High Court. IPIL have filed an application before the Hon'ble Calcutta High Court for stay of the winding up proceedings. Based on the financial viability projections submitted by IPIL and valuation carried out by an independent valuer, no adjustment is considered in the carrying value of the loan.
34. **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 :

	(₹ in Lacs)	
Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	202.76	194.11
Employer's Contribution to Superannuation Fund	25.31	8.13

**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:

	(₹ in Lacs)			
Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2015-16)	(2014-15)	(2015-16)	(2014-15)
Current service cost	114.78	87.14	72.02	55.17
Interest cost on benefit obligation	67.07	62.53	31.89	27.28
Expected return on plan assets	(15.65)	(19.59)	-	-
Net actuarial (Gain)/losses	(134.88)	82.38	(59.13)	87.34
<b>Net benefit expense</b>	<b>31.32</b>	<b>212.46</b>	<b>44.78</b>	<b>169.79</b>
Actual return on plan assets	3.72	19.59	-	-

- (b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

	(₹ in Lacs)			
Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Defined benefit obligation	859.58	892.86	422.51	438.92
Fair value of plan assets	177.67	226.80	-	-
<b>Net liability</b>	<b>681.91</b>	<b>666.06</b>	<b>422.51</b>	<b>438.92</b>

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

- (c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2015-16)	(2014-15)	(2015-16)	(2014-15)
Opening defined benefit obligation	892.86	698.58	438.92	324.02
Interest cost	67.06	62.53	31.89	27.28
Current service cost	114.78	87.14	72.02	55.17
Benefit paid	(68.31)	(37.77)	(61.19)	(54.89)
Actuarial (Gain)losses	(146.81)	82.38	(59.13)	87.34
<b>Closing defined benefit obligation</b>	<b>859.58</b>	<b>892.86</b>	<b>422.51</b>	<b>438.92</b>

(₹ in Lacs)

- (d) Changes in the fair value of plan assets during respective years are as follows:

Particulars	Gratuity (Funded)	
	(2015-16)	(2014-15)
Opening fair value of plan assets	226.80	218.76
Expected return on plan assets	15.65	19.59
Contribution by the Company	15.46	26.22
Benefits paid	(68.31)	(37.77)
Actuarial (losses)/Gains	(11.93)	-
Closing fair value of plan assets	177.67	226.80

(₹ in Lacs)

- (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, 2016	31st March, 2015
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)	
	2015-16	2014-15	2015-16	2014-15
Mortality Table	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.80%	7.81%	7.80%	7.81%
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%
Expected Return on Plan Assets (per annum)	7.81%	9.20%	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.

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

(g) Amounts recognised in current year and previous four years

	(₹ in Lacs)				
<b>Particulars</b>	<b>(2015-16)</b>	<b>(2014-15)</b>	<b>(2013-14)</b>	<b>(2012-13)</b>	<b>(2011-12)</b>
Defined benefit obligation	<b>859.58</b>	892.86	698.58	621.74	525.51
Fair value of plan assets	<b>177.67</b>	226.80	218.76	179.18	277.94
Deficit	<b>681.91</b>	666.06	479.82	442.56	247.57
Experience adjustments on plan liabilities - (gains)/losses	<b>(147.74)</b>	(31.53)	(50.18)	129.13	(1.49)
Experience adjustments on plan assets - (gains)/losses	<b>11.93</b>	-	2.16	(3.32)	2.40

(h) The Company expects to contribute ₹ 300 lacs (₹ 215 lacs) to gratuity fund in the year 2016-2017.

**35. 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**

	(₹ in Lacs)	
<b>Sales Revenue :-</b>	<b>2015-16</b>	<b>2014-15</b>
Domestic Revenues (Net of Excise Duty)	<b>22,610.70</b>	<b>22,247.66</b>
Overseas Revenues (Including Export Benefits)	<b>61,186.12</b>	<b>62,537.80</b>
<b>Total</b>	<b>83,796.82</b>	<b>84,785.46</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 ₹ 2,071.98 lacs (₹ 1,224.33 lacs) & Domestic trade receivable is ₹ 386.00 lacs (₹ 258.41 lacs)

**36. 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 31<sup>st</sup> March 2016 amounting to ₹ 10,269.53 lacs (₹ 12,500.00 Lacs)

(ii) Foreign currency exposure that are not hedged by derivative instruments are as under :-

	(₹ in Lacs)	
<b>Sr. Particulars No.</b>	<b>As at 31st March 2016</b>	<b>As at 31st March 2015</b>
(i) Loans and advances	<b>2.65</b>	27.38
(ii) Trade Payables	<b>610.70</b>	2,765.36
(iii) Short-term borrowings	<b>3,784.07</b>	2,790.41
(iv) Other current liabilities	<b>765.11</b>	696.96
(v) Cash and Bank Balances	<b>0.06</b>	0.06
(vi) Investments in Subsidiary Company	<b>2,194.83</b>	2,194.83


**NOTES TO THE FINANCIAL STATEMENTS (contd.)**
**37. 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) Mrs. Vartika Mittal Goenka (women director) Mr. Anil Sureka (Managing Director) Mr R K Parakh (Whole-time Director) Mr G Janarthanam (Whole-time Director w.e.f 12th Feb'16) Mr Anshuman Bhanja (Upto 14th November, 2015)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	Navoday Consultant Ltd Navdisha Real Estate Pvt. Ltd Shakti Chrome Ltd Gontermann-Peipers (India) Ltd Dankuni Investment Ltd Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd Ispat Profiles India Ltd Ispat Corp Pvt. Ltd Global Steel Holding Asia Pte. Ltd Direct Trading and Investment Singapore Pte. Ltd Prasan Global Ventures Singapore Pte. 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:**

(₹ 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 (Net.)	- -	- -	6.00 -	350.00 1917.00	354.00 1917.00
2	Taken/(Repaid) Advances towards Promoter Contributions	- -	- -	- -	- (19405.00)	- (19405.00)
3	Sale of Goods/Assets	- -	- -	- -	48.29 88.50	48.29 88.50
4	Interest Received	- -	- -	- -	175.80 17.09	175.80 17.09
5	Rent	-	- -	-- -	86.54 86.40	86.54 86.40
6	Managerial Remuneration	- -	- -	260.77 221.28	- -	260.77 221.28
7	Advance Received back	- -	- -	- -	- 5.00	- 5.00


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

(₹ 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>1,360.00</b> <i>1,056.00</i>	<b>1,360.00</b> <i>1,056.00</i>
9	Guarantees Given	- -	- -	<b>28,215.00</b> <i>19,502.64</i>	- -	<b>28,215.00</b> <i>19,502.64</i>
10	Money received against share warrant	-- -	- -	- -	<b>935.89</b> -	<b>935.89</b> -
11	Loan from Body Corporate	- -	- -	- -	<b>1,000.00</b> -	<b>1,000.00</b> -
12	Interest to Others	- -	- -	- -	<b>40.32</b> -	<b>40.32</b> -
<b>Balance as at 31<sup>st</sup> March, 2016</b>						
13	Investments	<b>2,194.83</b> <i>2,194.83</i>	<b>1.70</b> <i>1.70</i>	- -	- -	<b>2,196.53</b> <i>2,196.53</i>
14	Deposits	- -	- -	- -	<b>711.50</b> <i>711.50</i>	<b>711.50</b> <i>711.50</i>
15	Trade & other Payable	- -	- -	- -	<b>24.39</b> <i>15.73</i>	<b>24.39</b> <i>15.73</i>
16	Advance from Customer	- -	- -	- -	- <i>52.23</i>	- <i>52.23</i>
17	Money received against share warrant	- -	- -	- -	<b>935.89</b> -	<b>935.89</b> -
18	Loans including Interest receivable	- -	- -	<b>6.00</b> -	<b>2,457.78</b> <i>1,931.97</i>	<b>2,463.78</b> <i>1,931.97</i>
19	Loan from body corporate including Interest payable	- -	- -	- -	<b>1,040.32</b> -	<b>1,040.32</b> -

Note : Figures in Italic represents Previous Year's amounts.

**Disclosure in Respect of Material Related Party Transactions during the year:**

- Loans given (Net.) to Ispat Profile India Ltd. ₹ 350.00 Lacs (Previous year ₹ 1,917.00 Lacs ) and Mr. Rajendra Kumar Parakh ₹ 10 Lacs and returned during the year ₹ 4 Lacs. ( Previous year ₹ Nil ).
- Repayment of Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited ₹ Nil (Previous Year ₹ 10,169.00Lacs) and Jal tarang Vanijya Pvt Limited ₹ Nil (Previous Year ₹ 9,236 Lacs ).
- Sale of Goods/Assets Include sales made to Gontermann-Peipers (India) Limited ₹ 48.29 Lacs (Previous Year ₹ 88.50 Lacs).
- Interest received include Shakti Chrome Limited ₹ Nil (Previous Year ₹ 2.11 Lacs) & Ispat Profile India Ltd. ₹ 175.80 Lacs (Previous year ₹ 14.97 Lacs).
- Rents include Navdisha Real Estate Private Limited ₹ 86.54 Lacs (Previous Year ₹ 86.40 Lacs).
- Managerial Remuneration includes Mr. Anil Sureka ₹ 143.30 Lacs (Previous Year ₹ 143.89 Lacs), Mr. R K Parakh ₹ 58.64 Lacs (Previous Year ₹ 56.82 lacs), Mr G Janarthanam ₹ 24.73 Lacs ( Previous Year ₹ Nil) and Mr. Ansuman Bhanja ₹ 34.10 Lacs ( Previous Year ₹ 20.57 Lacs )

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

7. Advance received back from Navoday Consultant Limited ₹ Nil ( Previous year ₹ 5.00 Lacs )
8. Subscription of Share capital (Including Premium) includes subscription by Dankuni investment limited ₹ Nil Lacs (Previous Year ₹ 528.00 Lacs) , Navodya consultants Ltd ₹ Nil (Previous Year ₹ 528.00 Lacs ) & Jal Tarang Vanijya Pvt Ltd. ₹ 1,360.00 Lacs ( Previous year ₹ Nil)
9. Guarantee given includes Mr. Pramod Mittal ₹ 13,789.00 Lacs (Previous Year ₹ 9,897.64 Lacs), Mrs. Vartika Mittal Goenka ₹ 4,821.00 Lacs (Previous Year ₹ Nil) and Mr. V K Mittal ₹ 9,605.00 Lacs (Previous Year ₹ 9,605.00 Lacs).
10. Amount received against share warrants includes Global Steel Holdings Asia Pte Ltd ₹ 279.45 Lacs (Previous Year ₹ Nil), Prasan Global Ventures Singapore Pte Ltd ₹ 377.03 Lacs (Previous Year ₹ Nil), Direct Trading & Investments Singapore Pte Ltd ₹ 279.41 Lacs (Previous year ₹ Nil).
11. Loan from body corporate taken from Ispat Corp Pvt. Ltd. ₹ 1,000 Lacs ( Previous year ₹ Nil)
12. Interest Payable to Ispat Corp Pvt. Ltd ₹ 40.32 Lacs ( Previous year ₹ Nil )
13. Investments includes Milton Holdings Limited ₹ 2,194.83 Lacs ( Previous Year ₹ 2,194.83 Lacs), Balasore Energy Limited ₹ 1.70 Lacs ( Previous Year ₹ 1.70 Lacs )
14. Deposits include Navdisha Real Estate Private Limited ₹ 711.50 Lacs (Previous Year ₹ 711.50 Lacs).
15. Trade & other Payables include Navdisha Real estate Pvt. Ltd. ₹ 24.39 Lacs (Previous year ₹ 15.73 Lacs).
16. Advance from customers includes Gontermann-Peipers (India) Limited ₹ Nil (Previous Year ₹ 52.23 Lacs)
17. Money received against share warrants includes Global Steel Holdings Asia Pte Ltd ₹ 279.45 Lacs (Previous Year ₹ Nil), Prasan Global Ventures Singapore Pte Ltd ₹ 377.03 Lacs (Previous Year ₹ Nil), Direct Trading & Investments Singapore Pte Ltd ₹ 279.41 Lacs (Previous year ₹ Nil).
18. Loans Including Interest receivable represents Ispat Profile India Ltd. ₹ 2,457.78 Lacs (Previous Year ₹ 1,931.97 Lacs ) and Mr.Rajendra Kumar Parakh ₹ 6.00 Lacs ( Previous Year ₹ Nil )
19. Loan from body corporate including interest payable represent Ispat Corp. Pvt. Ltd. ₹ 1,040.32 Lacs (Previous Year ₹ Nil ).

**38. Basis for calculation of Basic and Diluted Earnings per Share is as follows:**

Particulars	2015-16	2014-15
Present Weighted Average Equity Shares (In Numbers )	<b>74,628,116</b>	70,601,096
Net Profit after Taxes ( ₹ In Lacs)	<b>1,869.11</b>	2,924.09
Nominal Value of each Shares (In ₹ )	<b>5/-</b>	5/-
Basic Earnings Per Share (In ₹)	<b>2.50</b>	4.14

**39. CIF Value of Imports**

(Rs in Lacs)

Particulars	2015-16	2014-15
Raw Materials	<b>3,163.11</b>	6,386.59
Stores and Spares	<b>9.81</b>	156.59

**NOTES TO THE FINANCIAL STATEMENTS (contd.)****40. Expenditure in foreign currency (accrual basis) (₹ in Lacs)**

Particulars	2015-16	2014-15
Travelling and conveyance	183.55	328.04
Rent & Hire Charges	33.59	34.33
Employee Benefit	140.73	98.07
Claim Expenses & Interest there on	26.92	23.60
Legal & Professional Fees	98.48	41.61
Commission on Sales (other than sole selling agent)	548.54	333.09
Finance costs	131.90	192.87
Others	55.87	33.70

**41. Earning in foreign currency (on accrual basis) (₹ in Lacs)**

Particulars	2015-16	2014-15
FOB Value of Exports	57,042.76	57,719.69

**42. 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)**

(₹ in Lacs)

Particulars	Raw Materials		Stores & Spares Consumed*	
	Amount	%	Amount	%
Indigenous	21,778.72 20,984.8	78.35 75.86	2951.12 1,815.58	99.94 99.40
Imported	6,018.63 6,676.61	21.65 24.14	1.68 10.99	0.06 0.60
Total	27,797.35 27,661.40	100.00 100.00	2,952.80 1826.57	100.00 100.00

Note: Figures in Italic represents of previous year

\* Includes ₹ 538.76 lacs (₹ 537.31 lacs) charged to other heads of expenses excluding discarded fixed assets

**43. 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 2016 (Refer Note No. 13).
- II) All the said loans and advances are given for business purposes.
- III) Investments made by the company as at 31st March 2016 (Refer Note No. 12)





## BALASORE ALLOYS LIMITED

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

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 : 30th May, 2016

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 company, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, 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 matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

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; 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 Board of 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 of consolidated financial statements 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. 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 by the other auditors in terms of their reports referred to in 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, and based on the consideration of reports of other auditors, 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 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 30 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. NESCO has raised total claim for ₹16,800.34 Lacs as at 31<sup>st</sup> March, 2016 (₹16,699.05 Lacs as at 31<sup>st</sup> March, 2015)



## BALASORE ALLOYS LIMITED

(including delayed payment surcharge) towards revocation of the waiver of dues granted under a settlement in an earlier year net of ₹ 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 Hon'ble 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

- i) The consolidated financial statements include the Group's share of net loss of ₹ 0.20 lacs for the year ended 31st March, 2016, in respect of one associate. These financial statements have been audited by other auditor whose report 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 this associate is based solely on the reports of the other auditor.
- ii) We have relied on the unaudited financial statements in respect of two subsidiaries whose financial statements reflects total assets of ₹ 3,124.26 lacs as at 31st March, 2016 and total revenues of ₹ 2.98 lacs for the year ended 31st March, 2016 as considered in consolidated financial statement. This unaudited financial statement have been furnished to us by the Management and our opinion on the statement, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on such unaudited financial statements certified by the management.

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 matters with respect to our reliance on the work done, the reports of the other auditor and the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

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 auditor.
- 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 prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the associate company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and its associate company incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 company, as referred to in Note 26 and Note 29 to 30 to the consolidated financial statements.
  - ii. The Group and its associate company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its associated company incorporated in India.

**For Chaturvedi & Shah**

*Chartered Accountants*

Firm Registration No. 101720W

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata  
Date : May 30, 2016



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT ON  
THE CONSOLIDATED FINANCIAL STATEMENTS OF BALASORE ALLOYS LIMITED**

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2016, we have audited the internal financial controls over financial reporting of **BALASORE ALLOYS LIMITED** (hereinafter referred to as “the Holding Company”) and its associate company incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its associate company internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



## BALASORE ALLOYS LIMITED

### Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters Paragraph, the Holding Company and its associate company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 associate company, which is incorporated in India, is based on the corresponding report of the auditor of that company incorporated in India.

**For Chaturvedi & Shah**

*Chartered Accountants*

Firm Registration No. 101720W

**Amit Chaturvedi**

*Partner*

Membership No. 103141

Place : Kolkata

Date : May 30, 2016

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

			(₹ in Lacs)
	<b>Notes</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
a. Share Capital	3	<b>4,096.38</b>	3,696.38
b. Reserves and Surplus	4	<b>84,676.04</b>	86,918.06
c. Money Received Against Equity Share Warrants		<b>935.89</b>	-
		<b>89,708.31</b>	90,614.44
<b>Non-current liabilities</b>			
a. Long-Term Borrowings	5	<b>1,906.35</b>	3,828.20
b. Deferred Tax Liabilities (net)	6	<b>1,580.20</b>	1,040.06
c. Long-Term Provisions	7	<b>1,120.71</b>	1,084.98
		<b>4,607.26</b>	5,953.24
<b>Current Liabilities</b>			
a. Short-Term Borrowings	8	<b>9,347.69</b>	5,864.28
b. Trade Payables	9		
Micro and Small Enterprises		<b>45.89</b>	54.19
Others		<b>25,590.54</b>	22,064.89
c. Current Maturities of Long-term borrowings	5	<b>1,939.82</b>	1,894.12
d. Other Current Liabilities	10	<b>7,252.73</b>	5,675.89
e. Short-Term Provisions	7	<b>4,154.19</b>	4,541.51
		<b>48,330.86</b>	40,094.87
		<b>142,646.43</b>	136,662.55
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
a. Fixed Assets	11		
Tangible Assets		<b>86,198.48</b>	91,878.38
Intangible Assets		<b>1,786.82</b>	1,563.74
Capital Work-in-Progress		<b>9,024.80</b>	7,269.22
b. Non-Current Investments	12	<b>1,215.94</b>	1,206.14
c. Long-term Loans and Advances	13	<b>12,853.22</b>	8,475.84
		<b>111,079.26</b>	110,393.32
<b>Current assets</b>			
a. Inventories	16	<b>13,275.10</b>	12,648.09
b. Trade Receivables	15	<b>2,457.97</b>	1,309.74
c. Cash and Bank Balances	17	<b>1,509.95</b>	778.22
d. Short-Term Loans and Advances	13	<b>13,528.60</b>	10,857.24
e. Other Current Assets	14	<b>795.55</b>	675.94
		<b>31,567.17</b>	26,269.23
		<b>142,646.43</b>	136,662.55
Significant Accounting Policies	2		
Notes on Financial Statements	3-40		

The accompanying notes are forming part of the financial statements

As per our report of even date

**For Chaturvedi & Shah**

Firm Registration No. 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 30th May, 2016

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, 2016**

(₹ in Lacs)

	Notes	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations (gross)	18	87,443.23	87,938.46
Less: Excise Duty		3,646.17	3,152.99
<b>Revenue from Operations (net)</b>		<b>83,797.06</b>	<b>84,785.47</b>
Other Income	19	676.51	3,382.07
<b>Total Revenue (I)</b>		<b>84,473.57</b>	<b>88,167.54</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	20	26,316.16	26,807.19
Purchase of Stock-in-Trade		826.73	-
(Increase)/ decrease in Inventories	21	47.75	22.54
Power		25,530.61	23,274.99
Employee Benefit Expenses	22	5,677.02	6,085.91
Other Expenses	23	17,205.04	17,754.10
<b>Total (II)</b>		<b>75,603.31</b>	<b>73,944.73</b>
<b>Profit Before Finance Costs, Tax, Depreciation &amp; Amortization (I) - (II)</b>		<b>8,870.25</b>	<b>14,222.80</b>
Depreciation & Amortization expenses	24	2,225.95	2,106.38
Finance Costs	25	3,151.37	3,540.24
<b>Profit Before exceptional item &amp; tax</b>		<b>3,492.93</b>	<b>8,576.19</b>
Exceptional Item		-	4,367.31
<b>Profit Before Taxes (III)</b>		<b>3,492.93</b>	<b>4,208.88</b>
<b>Tax Expenses</b>			
Current Tax		830.44	2,060.45
Deferred Tax Charge		540.14	(544.51)
Taxation Expenses of Earlier Years		259.08	(224.11)
<b>Total Tax Expenses (IV)</b>		<b>1,629.66</b>	<b>1,291.83</b>
<b>Profit for the Year [(III) - (IV)]</b>		<b>1,863.28</b>	<b>2,917.05</b>
Less : Share of Loss of Associate		(0.20)	(0.13)
<b>Net Profit after Taxes and Share in Profit/ (Loss) of Associate</b>		<b>1,863.08</b>	<b>2,916.92</b>
Earnings per equity share (nominal value of share ₹ 5/-)			
Basic EPS (₹)		2.50	4.14
Diluted EPS (₹)		2.50	4.14
Significant Accounting Policies	2		
Notes on Financial Statements	3-40		

The accompanying notes are forming part of the financial statements

As per our attached report of even date

**For Chaturvedi & Shah**

Firm Registration No. 101720W

Chartered Accountants

**Amit Chaturvedi**

Partner

Membership No. 103141

Place : Kolkata

Date : 30th May, 2016

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, 2016**

(₹ in Lacs)

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	<b>Notes</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Profit before tax</b>		<b>3,492.74</b>	<b>4,297.19</b>
Adjustment for:			
Depreciation/Amortisation Expenses		<b>2,225.95</b>	2,106.38
Profit on sale/discard of Fixed Assets (Net)		<b>14.58</b>	(486.37)
Unrealized foreign exchange loss		<b>(57.28)</b>	(1.11)
Unspent Liabilities no longer required written back		<b>(150.85)</b>	(1,007.97)
Loss on sale of Investment		-	490.00
Irrecoverable debts, deposits & Advances written off		<b>771.69</b>	212.91
Provision for doubtful debts/advances		<b>9.64</b>	244.94
Interest Expense		<b>2,771.05</b>	2,923.20
Interest Income		<b>(495.64)</b>	(479.54)
<b>Operating profit before working capital changes</b>			
Movements in working capital :			
Increase/ (Decrease) in trade payables and other current liabilities		<b>5,481.41</b>	4,462.32
Increase/ (decrease) in provisions		<b>(7.27)</b>	199.11
Decrease / (increase) in trade receivables		<b>(1,148.00)</b>	(263.57)
Decrease / (increase) in inventories		<b>(627.01)</b>	(2,839.16)
Decrease / (Increase) in loans and advances and other assets		<b>(4,224.54)</b>	(3,273.87)
Cash generated from /(used in) operations		<b>8,056.50</b>	6,584.46
Taxes paid (Net)		<b>(1,767.58)</b>	(2.77)
<b>Net cash flow from operating activities (A)</b>		<b>6,288.91</b>	<b>6,581.68</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including CWIP and capital advances)		<b>(6,896.95)</b>	(6,438.10)
Refund of advance against strategic investment		-	19,875.00
Proceeds on Sale of investments		<b>0.20</b>	200.13
Purchase of Investment		<b>(10.00)</b>	(325.00)
Proceeds from sale of fixed assets		<b>5.10</b>	759.93
Maturity of/(investment in) Fixed Deposit		<b>(159.37)</b>	15.50
Interest received		<b>376.03</b>	119.35
<b>Net cash flow from/(used) in investing activities (B)</b>		<b>(6,684.99)</b>	<b>14,206.80</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<b>1,360.00</b>	792.00
Proceeds from Money received against Share Warrant		<b>935.89</b>	-
Repayment of long-term borrowings		<b>(1,876.15)</b>	(17,218.59)
Dividend paid on equity shares (including dividend distribution tax)		<b>(495.62)</b>	(481.23)
Net Movement in Short-term Borrowings		<b>3,494.60</b>	(418.44)
Interest paid		<b>(2,624.70)</b>	(3,518.49)
<b>Net cash flow from (used) in financing activities (C)</b>		<b>794.01</b>	<b>(20,844.74)</b>
<b>Exchange Difference or Transaction of Foreign Subsidiaries</b>		<b>174.43</b>	116.27
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>572.36</b>	60.01
<b>Cash &amp; Cash equivalents as at the beginning of the year</b>		<b>193.71</b>	133.70
<b>Cash &amp; Cash equivalents as at the end of the year</b>		<b>766.07</b>	193.71
<b>Cash &amp; Cash equivalents as at the end of the year includes</b>			
Cash-on-hand		<b>198.16</b>	22.45
Balances with banks:			
In current accounts		<b>491.49</b>	111.15
In unpaid dividend account *		<b>76.42</b>	60.11
<b>Cash and cash equivalents at the end of the year (Ref Note 17)</b>		<b>766.07</b>	<b>193.71</b>

Significant Accounting Policies

2

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

The accompanying notes are forming part of financial statements

As per our attached report of even date

**For Chaturvedi & Shah**  
Firm Registration No. 101720W  
Chartered Accountants

**Amit Chaturvedi**  
Partner  
Membership No. 103141

Place : Kolkata  
Date : 30th May, 2016

For and on behalf of the Board of Directors

Anil Sureka                      R K Parakh  
(Managing Director)              (Director - Finance)  
DIN No.- 00058228              DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**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. Significant Accounting policies on Consolidated Financial Statements**
**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, 2016	31st March, 2015
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**

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Authorized shares</b>		
200,000,000 (200,000,000) equity shares of ₹ 5/- each	<b>10,000.00</b>	10,000.00
<b>Issued and subscribed shares</b>		
81,934,263 (73,934,263) equity shares of ₹ 5/- each	<b>4,096.71</b>	3,696.71
<b>Paid-up shares</b>		
78,890,411 (70,890,411) equity shares of ₹ 5/- each fully paid up	<b>3,944.52</b>	3,544.52
Add: Shares forfeited	<b>151.86</b>	151.86
<b>Total</b>	<b>4,096.38</b>	3,696.38

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

	<b>As at 31st March, 2016</b>		<b>As at 31st March, 2015</b>	
	<b>No. in lacs</b>	<b>₹ In lacs</b>	<b>No. in lacs</b>	<b>₹ In lacs</b>
At the beginning of the year	<b>708.90</b>	<b>3,544.52</b>	642.90	3,214.52
Issued during the year	<b>80.00</b>	<b>400.00</b>	66.00	330.00
<b>Outstanding at the end of the year</b>	<b>788.90</b>	<b>3,944.52</b>	708.90	3,544.52

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

- (i) The company has only one class of equity shares having par value of ₹ 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 except in case of interim dividend.
- (ii) In the event of liquidation of the company, the equity shareholders 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, 2016</b>		<b>As at 31 March, 2015</b>	
	<b>Numbers</b>	<b>% holding</b>	<b>Numbers</b>	<b>% holding</b>
Goldline Tracom Private Limited	<b>12,402,346</b>	<b>15.72%</b>	12,402,346	17.50%
Jal Tarang Vanijya Private Limited	<b>8,000,000</b>	<b>10.14%</b>	-	0.00%
Navoday Highrise Private Limited	<b>7,346,635</b>	<b>9.31%</b>	7,346,635	10.36%
Navoday Niketan Private Limited	<b>4,953,215</b>	<b>6.28%</b>	4,953,215	6.99%

**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****4. Reserves and surplus**

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</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>50,819.48</b>	55,945.47
Less : Discard of revaluation asset	-	(446.76)
Less: Amount transferred to the statement of profit and loss as reduction from depreciation ( Refer note 24)	<b>(4,669.82)</b>	(4,679.23)
<b>Closing Balance (c)</b>	<b>46,149.66</b>	50,819.48
<b>Securities Premium Account</b>		
Balance as per the last financial statements	<b>2,276.00</b>	1,550.00
Add : On issue of Shares	<b>960.00</b>	726.00
<b>Closing Balance (d)</b>	<b>3,236.00</b>	2,276.00
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	<b>762.60</b>	646.33
Addition/(Deduction) for the year	<b>174.42</b>	116.27
<b>Closing Balance (e)</b>	<b>937.02</b>	762.60
<b>General Reserve</b>		
Balance as per the last financial statements	<b>7,876.47</b>	7,803.37
Add : Transfer from Profit and Loss Account	<b>46.58</b>	73.10
<b>Closing Balance (f)</b>	<b>7,923.05</b>	7,876.47
<b>Debenture Redemption Reserve</b>		
Balance as per last financial statements	<b>818.84</b>	-
Add : Transfer from/(to) Profit and Loss Account	<b>(78.86)</b>	818.84
<b>Closing Balance (g)</b>	<b>739.98</b>	818.84
<b>Surplus in the Profit and Loss Account</b>		
Balance as per last financial Statements	<b>23,832.71</b>	22,473.08
Profit for the year	<b>1,863.08</b>	2,916.92
Less : Adjustment relating to Fixed assets	-	107.07
	<b>25,695.79</b>	25,282.92
Less: Appropriations		
Transfer to General Reserve	<b>(46.58)</b>	(73.10)
Transfer (to)/from Debenture Redemption Reserve	<b>78.86</b>	(818.84)
Dividend Paid for Previous year	-	(39.60)
Tax on dividend	-	(6.73)
Proposed Dividend [Dividend Per Share ₹ 0.60 (₹ 0.60)]	<b>(473.34)</b>	(425.34)
Tax on dividend	<b>(96.36)</b>	(86.59)
	<b>(537.43)</b>	(1,450.20)
<b>Net surplus in the Profit and Loss Account (h)</b>	<b>25,158.36</b>	23,832.71
<b>Total Reserves and surplus (a to h)</b>	<b>84,676.04</b>	86,918.06


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**5. Long-term borrowings**

(₹ in Lacs)

	<b>Non Current Position</b>		<b>Current maturities</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>A) Secured</b>				
Deferred Payment Credits	<b>344.44</b>	704.39	<b>377.91</b>	332.21
<b>Total (i)</b>	<b>344.44</b>	704.39	<b>377.91</b>	332.21
<b>11% Redeemable Non-Convertible Debentures</b>				
<b>STATE BANK OF INDIA</b>	<b>1,331.53</b>	2,663.05	<b>1,331.53</b>	1,331.53
39,94,580 Nos (39,94,580), 11% Redeemable Non-Convertible Debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>STATE BANK OF HYDERABAD</b>	<b>166.31</b>	332.63	<b>166.31</b>	166.31
4,98,940 Nos(4,98,940), 11% Redeemable Non-Convertible Debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>ALLAHABAD BANK</b>	<b>64.07</b>	128.13	<b>64.07</b>	64.07
1,92,200 Nos(1,92,200), 11% Redeemable Non-Convertible Debentures of ₹ 67 partly paid up (₹ 100/- each fully paid up )				
<b>Total (ii)</b>	<b>1,561.91</b>	<b>3,123.81</b>	<b>1,561.91</b>	1,561.91
<b>Total (i+ii)</b>	<b>1,906.35</b>	<b>3,828.20</b>	<b>1,939.82</b>	1,894.12

**5.1**
**(i) 11% Redeemable Non Convertible Debentures**
**a) Maturity Profile**

(₹ in Lacs)

<b>Particulars</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
11% Redeemable Non-Convertible Debentures	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.

**(ii) Deferred Payment Credits**
**a) Maturity Profile**

(₹ in Lacs)

<b>Particulars</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Deferred Payment Credits	377.91	276.49	67.96	-	-

**b) Nature of Security**

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



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 6. Deferred tax liabilities (net)

(₹ in Lacs)

		As at 31st March, 2016	As at 31st March, 2015
<b>Deferred tax liabilities</b>			
Timing difference on depreciable assets		3,500.37	3,076.19
	(A)	3,500.37	3,076.19
<b>Deferred tax assets</b>			
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961		1,648.32	1,785.41
Other disallowance under Income Tax Act, 1961		271.85	250.72
	(B)	1,920.17	2,036.13
<b>Net deferred tax liabilities (A-B)</b>		1,580.20	1,040.06

### 7. Provisions

(₹ in Lacs)

	Non Current Provisions		Current Provisions	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Provision for employee benefits: (Ref Note 34)</b>				
Gratuity	669.30	631.41	12.61	34.65
Superannuation			40.62	50.61
Compensated absences	398.11	403.57	24.39	35.35
	1,067.41	1,034.98	77.62	120.61
<b>Other provisions for -</b>				
Taxation (net of advance taxes)	-	-	3,506.87	3,908.97
Site restoration	53.30	50.00	-	-
Proposed Dividend	-	-	473.34	425.34
Tax on dividend	-	-	96.36	86.59
	53.30	50.00	4,076.57	4,420.90
<b>Total</b>	1,120.71	1,084.98	4,154.19	4,541.51

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.

	As at 31st March 2016
At the beginning of the year	50.00
Arisen during the year	3.30
Utilized during the year	-
<b>At the end of the year</b>	53.30
Non-Current Portion	53.30


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**8. Short-term borrowings**

(₹ in Lacs)

	<b>As at 31st March 2016</b>	<b>As at 31st March 2015</b>
<b>A) Secured Loans</b>		
<b>Working Capital Loan</b>		
<b>From Bank-</b>		
Ruppee Loan	3,852.18	2,353.87
Foreign Currency Loan	3,772.51	2,790.41
<b>(A)</b>	<b>7,624.69</b>	<b>5,144.28</b>
<b>B) Unsecured Loans</b>		
Loans from Body Corporates	1,723.00	720.00
<b>(B)</b>	<b>1,723.00</b>	<b>720.00</b>
<b>Total</b>	<b>(A+B) 9,347.69</b>	<b>5,864.28</b>

- 8.1** Working capital loan from banks referred above are secured by first charge over current assets and 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 personal guarantees of Mr Pramod Mittal, Mr V K Mittal (for part of secured loan), Mrs Vartika Mittal Goenka (for part of secured loan) and 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**

(₹ in Lacs)

	<b>Current position</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Acceptances	4,501.01	3,273.57
Micro and Small Enterprises	45.89	54.19
Creditor for goods, services etc (including retention money)	21,089.53	18,791.31
<b>Total</b>	<b>25,636.43</b>	<b>22,119.07</b>

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

	<b>(₹ in Lacs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Principal amount due and remaining unpaid	45.89	54.19
Interest due on above and the unpaid interest	6.06	7.28
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	6.06	4.87
Interest accrued and remaining unpaid	6.06	4.87
Amount of further interest remaining due and payable in succeeding years	6.06	7.28





# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 10. Other Current liabilities

		(₹ in Lacs)
	As at 31st March, 2016	As at 31st March, 2015
Interest accrued but not due on borrowings	2.50	182.56
Interest accrued and due on borrowings	96.01	45.55
Advance from customers	2,674.94	1,429.72
Unpaid Dividend *	76.42	60.11
Creditors for Capital expenditure	586.53	666.84
Statutory Dues	1,579.17	798.18
Temporary Book Overdraft	352.41	-
Claims Payable	765.11	696.96
Other liabilities**	1,119.65	1,795.97
<b>Total</b>	<b>7,252.73</b>	<b>5,675.89</b>

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

\*\* It includes ₹ 848.80 lacs (₹ 1,627.80 lacs) payables against arrangement for procurement of raw materials.


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**11. FIXED ASSETS**

(₹ in Lacs)

Description	Gross Block			Depreciation/ amortisation			Net block	
	As at 1st April, 2015	Additions	Deductions/ Adjustments	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions/ Adjustments	As at 31st March, 2016
<b>(i) Tangible assets</b>								
<b>Own assets:</b>								
Freehold land	1,264.24	1.20		1,265.44	-	-	-	1,265.44
Buildings	12,618.26	226.27	20.48	12,824.05	2,925.94	797.67	19.46	9,119.90
Plant and machinery	40,213.88	558.97	28.31	40,744.54	21,198.94	1,238.23	26.90	18,334.27
Office Equipment	320.95	26.97	5.90	342.02	193.57	42.41	5.60	111.64
Furniture and fixtures	380.63	64.59	16.47	428.75	209.58	27.17	15.64	207.64
Vehicles	882.30	81.17	25.42	938.05	140.46	106.38	15.66	706.87
Computer & Peripherals	359.12	10.00	2.82	366.30	162.42	76.29	1.55	129.14
<b>Sub-Total</b>	<b>56,039.38</b>	<b>969.17</b>	<b>99.40</b>	<b>56,909.15</b>	<b>24,830.91</b>	<b>2,288.15</b>	<b>84.81</b>	<b>29,874.90</b>
<b>Leased assets:</b>								
Leasehold land	287.77	-	-	287.77	35.51	3.48	-	248.78
Mining Lease	85,279.23	-	-	85,279.23	24,861.58	4,342.85	-	56,074.80
<b>Sub-Total</b>	<b>85,567.00</b>	<b>-</b>	<b>-</b>	<b>85,567.00</b>	<b>24,897.09</b>	<b>4,346.33</b>	<b>-</b>	<b>56,323.58</b>
<b>Total (i)</b>	<b>141,606.38</b>	<b>969.17</b>	<b>99.40</b>	<b>142,476.15</b>	<b>49,728.00</b>	<b>6,634.48</b>	<b>84.81</b>	<b>86,198.48</b>
<b>(ii) Intangible assets</b>								
Computer Software	633.06	19.49	-	652.55	252.61	184.28	-	215.66
Mines Development	1,514.59	468.07	-	1,982.66	331.30	80.20	-	1,571.16
<b>Total (ii)</b>	<b>2,147.65</b>	<b>487.56</b>	<b>-</b>	<b>2,635.21</b>	<b>583.91</b>	<b>264.48</b>	<b>-</b>	<b>1,786.82</b>
<b>Total (i+ii)</b>	<b>143,754.03</b>	<b>1,456.73</b>	<b>99.40</b>	<b>145,111.36</b>	<b>50,311.91</b>	<b>6,898.96</b>	<b>84.81</b>	<b>87,985.30</b>
<b>Previous year</b>	140,335.54	6,423.67	3,005.18	143,754.03	45,492.11	6,947.81	2,128.06	93,442.17
<b>Capital work-in-progress</b>								<b>9,024.80</b>

(11.1) Includes ₹ 76,337.69 lacs (credited to Revaluation Reserve) and ₹ 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(11.2) It includes Land ₹ 50 Lacs, Buildings ₹ 410 Lacs and Plant & equipment ₹ 334.21 Lacs purchased in the financial year 2012 -13 in which title clearance is pending.

(11.3) Capital Work-in-progress include:

- i) ₹ 1,556.69 Lacs (₹ 1070.11 Lacs) on account of project development expenditure.
- ii) ₹ 912.96 Lacs (₹ 601.56 Lacs) on account of cost of construction materials at site.

(11.4) Project Development Expenditure (in respect of projects upto 31.03.2016, included under capital work in progress)

	(₹ in lacs)
	2014-2015
Opening Balance	701.30
Add:	
Employee Benefit Expenses	284.63
Travelling And Conveyance	57.68
Miscellaneous Expenses	26.50
	368.81
Closing Balance	1,070.11

**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****12. Non-current investments**

	<b>As at 31st March, 2016</b>	(₹ in Lacs) As at 31st March, 2015
<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 ₹ 10 each fully paid-up in Balasore Energy Limited	(0.01)	0.19
<b>Investment in Other</b>		
3000000 (3000000) equity shares of ₹ 10 each fully paid-up in Facor Power Limited	300.00	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 Others</b>		
<b>Unquoted Equity shares</b>		
300000 (300000) equity shares of ₹ 10 each fully paid-up in Elephanta Gases Limited	30.00	30.00
<b>Unquoted Mutual funds</b>		
250000 (250000) Dual Advantage Fund - Series- V units of ₹ 10 each fully paid-up in SBI Mutual Fund	25.00	25.00
100000 (Nil) Dual Advantage Fund - Series- X units of ₹ 10 each fully paid-up in SBI Mutual Fund	10.00	-
<b>Unquoted Debentures</b>		
850000 (850000) 12% Unsecured redeemable non-convertible debentures of ₹ 100 each fully paid-up in Krish Trexim Private Limited	850.00	850.00
<b>Total</b>	<b>1,215.94</b>	<b>1,206.14</b>
Aggregate amount of Unquoted investments	<b>1,215.94</b>	<b>1,206.14</b>


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

		<b>Non Current</b>		<b>Current</b>	
		<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Capital Advances [including doubtful Nil Lacs (₹ 78.80 Lacs)]		<b>7,459.14</b>	3,856.71	-	-
Provision for doubtful advances		-	(78.80)	-	-
	<b>(A)</b>	<b>7,459.14</b>	3,777.91	-	-
Advances recoverable in cash or kind					
Considered good - Others		-	-	<b>9,639.38</b>	5,941.45
Considered doubtful - Others		<b>9.64</b>	496.02	-	-
		<b>9.64</b>	496.02	<b>9,639.38</b>	5,941.45
Provision for doubtful advances		<b>(9.64)</b>	(496.02)	-	-
	<b>(B)</b>	-	-	<b>9,639.38</b>	5,941.45
Loans					
Body Corporates		-	-	<b>1,382.00</b>	1,382.00
Body Corporates - Related Parties		<b>2,267.00</b>	1,917.00	-	-
Considered doubtful		-	500.00	-	-
Advance to Employees		-	-	<b>52.31</b>	74.53
		<b>2,267.00</b>	2,417.00	<b>1,434.31</b>	1,456.53
Provision for doubtful advances		-	(500.00)	-	-
	<b>(C)</b>	<b>2,267.00</b>	1,917.00	<b>1,434.31</b>	1,456.53
Security Deposits	<b>(D)</b>	<b>3,127.08</b>	2,780.93	<b>21.17</b>	28.46
Others (Considered Good)					
Balances with statutory / government authorities		-	-	<b>1,552.39</b>	2,480.68
Export benefits receivables		-	-	<b>709.14</b>	804.84
Others		-	-	<b>172.20</b>	145.28
	<b>(E)</b>	-	-	<b>2,433.73</b>	3,430.80
<b>Total</b>	<b>(A to E)</b>	<b>12,853.22</b>	8,475.84	<b>13,528.60</b>	10,857.24

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

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Others</b>		
Interest Receivable on		
Bank Deposits	<b>13.93</b>	40.26
Long-term investments	<b>367.20</b>	275.40
Loans, Other Deposits	<b>412.96</b>	360.22
Others	<b>1.46</b>	0.06
<b>Total</b>	<b>795.55</b>	675.94

**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****15. Trade receivables (Unsecured)**

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	As at 31st March, 2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered good	<b>302.66</b>	295.03
Considered doubtful	-	-
	<b>302.66</b>	295.03
Provision for doubtful receivables	-	-
<b>(A)</b>	<b>302.66</b>	295.03
Other receivables (considered good) <span style="float: right;"><b>(B)</b></span>	<b>2,155.31</b>	1,014.71
<b>Total (A+B)</b>	<b>2,457.97</b>	1,309.74

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

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	As at 31st March, 2015
Raw materials and components [includes in transit and pledged ₹32.70 Lacs (₹ 2,148.98 Lacs)]	<b>10,562.18</b>	9,470.82
Stores, Spares & Consumables	<b>1,429.11</b>	1,839.62
Finished goods	<b>607.78</b>	661.88
Stock under process	<b>169.31</b>	445.96
<u>At estimated net realisable value</u>		
Saleable Scraps	<b>506.72</b>	229.81
<b>Total</b>	<b>13,275.10</b>	12,648.09

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

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Cash and cash equivalents</b>		
Balances with banks:		
In current accounts	491.49	111.15
In Deposit (Maturity of three months or less)	23.46	14.30
In unpaid dividend account	76.42	60.11
Cash on hand	198.16	22.45
<b>(A)</b>	<b>789.53</b>	<b>208.01</b>
<b>Other bank balances</b>		
Margin money deposit #	720.42	570.21
<b>(B)</b>	<b>720.42</b>	<b>570.21</b>
<b>Total (A+B)</b>	<b>1,509.95</b>	<b>778.22</b>

# Fixed deposits are pledged with banks as security against guarantees / letters of credit issued by them.

**18. Revenue from operations**

(₹ in Lacs)

	<b>2015-16</b>	<b>2014-15</b>
<b>Revenue from operations</b>		
Sale of products		
Finished goods	84,005.72	84,165.71
Trading Sales	948.13	-
Saleable Scraps	662.64	476.80
Export Benefits	1,669.69	3,052.76
Other operating revenue		
Scrap sales	157.05	243.19
<b>Revenue from operations (gross)</b>	<b>87,443.23</b>	<b>87,938.46</b>
Less: Excise duty	3,646.17	3,152.99
<b>Total Revenue from operations (net)</b>	<b>83,797.06</b>	<b>84,785.47</b>

**BALASORE ALLOYS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**

		(₹ in Lacs)
	2015-16	2014-15
<b>19. Other income</b>		
Interest income on		
Bank deposits	92.04	47.07
Long-term investments	102.00	184.80
Loan, advances, deposits etc	300.18	196.75
Others	1.42	50.92
Insurance Claims	11.08	10.02
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	150.85	1,007.97
Gain on Foreign Exchange Fluctuation (net)	-	1,143.90
Others	18.94	14.58
<b>Total</b>	<b>667.51</b>	<b>3,382.07</b>
		(₹ in Lacs)
	2015-16	2014-15
<b>20 Cost of raw materials consumed</b>		
Inventory at the beginning of the year	9,470.82	6,780.35
Add: Purchases	27,407.52	29,497.65
	36,878.34	36,278.01
Less: Inventory at the end of the period	10,562.18	9,470.82
Cost of raw materials	26,316.16	26,807.19
<b>a) Details of raw materials consumed</b>		
Chrome Ore (including own generation/briquetted)	12,961.95	13,315.37
Coal and Coke etc.	10,467.17	9,864.98
Carbon Paste	693.19	765.05
Quartz	941.57	697.79
Magnesite	333.69	406.24
Dolomite	236.02	319.42
Others	682.57	1,438.35
<b>Total</b>	<b>26,316.16</b>	<b>26,807.19</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****21. (Increase) / decrease in inventories**

(₹ in Lacs)

	<u>2015-16</u>	<u>2014-15</u>
<b>Inventories at the end of the period:</b>		
Stock under process	169.31	445.96
Finished goods	607.78	661.88
Saleable Scraps	517.33	237.61
	<u>1,294.42</u>	<u>1,345.45</u>
<b>Inventories at the beginning 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>
Less: (Increase)/decrease of excise duty on inventories	3.28	(3.47)
<b>Total</b>	<u>47.75</u>	<u>22.54</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**

(₹ in Lacs)

	<u>2015-16</u>	<u>2014-15</u>
Salaries, wages and bonus	4,922.97	5,189.72
Contribution to provident and other funds	264.37	246.93
Gratuity expense	30.81	212.45
Staff welfare expenses	458.87	436.81
<b>Total</b>	<u>5,677.02</u>	<u>6,085.91</u>



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### 23. Other Expenses

(₹ in Lacs)

	2015-16	2014-15
Consumption of stores and spares	2,279.40	2,196.64
Contract Labour Charges	1,658.01	1,383.50
Packing and Carriage charges	2,895.68	4,182.54
Rent & Hire Charges	746.71	855.02
Rates and taxes	87.45	77.35
Insurance	103.84	93.53
Repairs and maintenance		
Plant and machinery	810.50	678.04
Buildings	77.76	88.25
Others	955.64	298.77
Commission on Sales (other than sole selling agent)	548.98	363.55
Travelling and conveyance	1,635.56	2,075.85
Charity and Donations	23.79	17.61
Communication costs	191.69	178.90
Legal and professional fees	2,312.88	2,502.15
Directors' sitting fees	30.10	16.51
Auditors' Remuneration as auditor:		
Audit fee	33.00	30.00
Limited review fee	27.04	24.00
Tax audit fee	10.00	7.00
In Other Capacity for Certification	16.05	14.00
Reimbursement of Expenses to auditor	0.70	1.58
Items pertaining to Previous Years (net)	23.58	-
Loss on sale of investments	-	490.00
Corporate Social Responsibility Expenses *	128.38	114.11
Site Development Expenses	51.23	112.95
Loss on Foreign Exchange Fluctuation (net)	219.27	-
Bad debts / advances written off	771.69	212.91
Provision for doubtful debts and advances	9.64	244.94
Loss on sale/Discard of fixed assets (net)	9.48	196.15
Loss on Sale of raw material	38.65	-
Miscellaneous expenses	1,508.34	1,298.25
<b>Total</b>	<b>17,205.04</b>	<b>17,754.10</b>

#### Note :

CSR amount required to be spent as per section 135 of Companies Act, 2013, read with schedule-VII thereof by the company during the year is ₹ 111.14 lacs (Previous year ₹ 114.11 lacs)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****24. Depreciation & amortization expense**

(₹ in Lacs)

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Depreciation of tangible assets	<b>6,631.29</b>	6,571.06
Amortization of intangible assets	<b>264.48</b>	214.55
	<b>6,895.77</b>	6,785.61
Less: Recoupment from revaluation reserve [Refer note 4(c)]	<b>(4,669.82)</b>	(4,679.23)
<b>Total</b>	<b>2,225.95</b>	2,106.38

**25. Finance costs**

Interest		
– To Banks [Net of recoveries ₹ 377.47 lacs (₹ 401.99 lacs)]	<b>1,257.47</b>	1,578.00
– To Others	<b>1,513.58</b>	1,469.03
Other borrowing cost	<b>370.50</b>	487.62
Exchange difference to the extent considered as an adjustment to borrowing costs	<b>9.82</b>	5.59
<b>Total</b>	<b>3,151.37</b>	3,540.24

**26. Contingent liabilities not provided for in respect of:**

a) Sales tax matters under appeal {Amount paid under appeal ₹ 70.25 lacs (₹ 65.31 lacs)}*	<b>492.47</b>	479.76
b) Entry tax matters {Amount paid under appeal ₹ 100.26 lacs (₹ 34.88 lacs)}*	<b>1,000.28</b>	219.46
c) Excise / Service tax matters {Amount paid under appeal ₹ 29.63 lacs (₹ 23.14 lacs)}*	<b>1,287.75</b>	1228.43
d) Un-expired Bank Guarantees and Letters of Credit	<b>731.82</b>	863.01
e) Bills discounted with Banks	<b>4,606.43</b>	4,035.66

\* In respect of above cases based on favourable decisions in similar cases and discussion with legal counsels the management is of the opinion that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

**27. Capital and other commitment:**

Estimated amount of Capital commitments (Net of Advances) ₹ 5,430.88 lacs (₹ 4,431.76 lacs)

- 28.** The Income-Tax Assessments of the Company have been completed up to Assessment Year 2013-14. The disputed demand up to the said assessment years is ₹ 137.51 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.** Demand notices has been issued by Deputy Director of Mines, Jaipur road, Odisha amounting to ₹ 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.
- 30.** North Eastern Electricity Supply Company of Orissa Limited (NESCO) had entered into a settlement agreement in the year 2005 under which certain outstanding dues were settled and paid off by the Company. Subsequently, NESCO wrongfully revoked the settlement in the year 2010 after having acted upon the settlement. The alleged claims amount upto 31st March, 2016 is ₹ 20,200.34 lacs (including delayed payment surcharge). Such revocation of settlement was arbitrary and illegal. In the circumstances, the company approached various Judicial Forums including Hon'ble Supreme Court. At present the matter is pending before the Hon'ble High Court of Orissa. The Company has paid to NESCO ₹ 3,400 lacs and duly provided the same in the accounts towards such claims. The company continues to receive un-interrupted power supply from NESCO. Pending final adjudication of the court proceedings and based on the advice of the legal counsels, no further provision has been made towards aforesaid claims.
- 31.** The State Trading Corporation of India on 13th May, 2015 through the Ministry of Commerce and Industry has recorded a statement on the floor of the Rajya Sabha that a sum of ₹ 5,855 Lacs is recoverable from the Company as on 31.03.2015. The alleged demand is very much disputed by the Company and is the subject matter for ascertainment by the Hon'ble Arbitral Tribunal consisting of two Hon'ble Retired Judges of Hon'ble Supreme Court and one Hon'ble Retired Judge of Hon'ble Calcutta High Court. The Company disputes such liability and is awaiting the adjudication by Hon'ble Arbitral Tribunal. However, by way of abundant caution and prudence, the Company has accounted for such alleged disputed amount without admitting the same. The final adjudication is subjudice and pending before the Hon'ble Arbitral Tribunal.

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

32. As per notification no. 7745-IV(A)SM-44/2015 (PT-IV)/SM dated 18<sup>th</sup> August, 2015 of Government of Odhisa, miners producing major minerals in the State would be required to pay 30% of the applicable royalty to the District Mineral Foundation (DMF), which was set-up as per the provisions of section 9B of the Mines and Minerals (Development and Regulation) Act, 1957. Later, Govt. of India, Ministry of Mines vide its order dated 17<sup>th</sup> September, 2015, has notified that the DMF provisions will come into force from 12<sup>th</sup> January, 2015. This retrospective applicability has been challenged in Hon'ble Delhi High Court by Federation of Indian Mineral Industries (FIMI) & others and the matter has been stayed. Being, the date from which DMF is applicable is in dispute the Company has not recognized the liability of ₹ 1091.95 lacs, calculated from 12<sup>th</sup> January, 2015 to 16<sup>th</sup> September, 2015.
33. The Company being one of the Promoter of Ispat Profile India Limited (IPIL), has given an interest bearing loan of ₹ 2,267 Lacs to IPIL as on 31.03.2016, to facilitate the one time settlement of outstanding dues of IPIL with its some of the common lenders, so that Company can get working capital limits for its operation and financial facilities for its ongoing projects, growth and expansion plans. Presently, IPIL winding up order has been confirmed by Hon'ble Delhi High Court. IPIL have filed an application before the Hon'ble Calcutta High Court for stay of the winding up proceedings. Based on the financial viability projections submitted by IPIL and valuation carried out by an independent valuer, no adjustment is considered in the carrying value of the loan.
34. **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 :

	(₹ in Lacs)	
Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	202.76	194.11
Employer's Contribution to Superannuation Fund	25.31	8.13

**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:

	(₹ in Lacs)			
Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2015-16)	(2014-15)	(2015-16)	(2014-15)
Current service cost	114.78	87.14	72.02	55.17
Interest cost on benefit obligation	67.07	62.53	31.89	27.28
Expected return on plan assets	(15.65)	(19.59)	-	-
Net actuarial (Gain)/losses	(134.88)	82.38	(59.13)	87.34
<b>Net benefit expense</b>	<b>31.32</b>	<b>212.46</b>	<b>44.78</b>	<b>169.79</b>
Actual return on plan assets	3.72	19.59	-	-

- (b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

	(₹ in Lacs)			
Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Defined benefit obligation	859.58	892.86	422.51	438.92
Fair value of plan assets	177.67	226.80	-	-
<b>Net liability</b>	<b>681.91</b>	<b>666.06</b>	<b>422.51</b>	<b>438.92</b>


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

- (c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

Particulars	Gratuity(Funded)		Compensated Absences (Unfunded)	
	(2015-16)	(2014-15)	(2015-16)	(2014-15)
Opening defined benefit obligation	892.86	698.58	438.92	324.02
Interest cost	67.06	62.53	31.89	27.28
Current service cost	114.78	87.14	72.02	55.17
Benefit paid	(68.31)	(37.77)	(61.19)	(54.89)
Actuarial (Gain)losses	(146.81)	82.38	(59.13)	87.34
<b>Closing defined benefit obligation</b>	<b>859.58</b>	<b>892.86</b>	<b>422.51</b>	<b>438.92</b>

(₹ in Lacs)

- (d) Changes in the fair value of plan assets during respective years are as follows:

Particulars	Gratuity (Funded)	
	(2015-16)	(2014-15)
Opening fair value of plan assets	226.80	218.76
Expected return on plan assets	15.65	19.59
Contribution by the Company	15.46	26.22
Benefits paid	(68.31)	(37.77)
Actuarial (losses)/Gains	(11.93)	-
Closing fair value of plan assets	177.67	226.80

(₹ in Lacs)

- (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, 2016	31st March, 2015
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)	
	2015-16	2014-15	2015-16	2014-15
Mortality Table	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.80%	7.81%	7.80%	7.81%
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%
Expected Return on Plan Assets (per annum)	7.81%	9.20%	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.



# BALASORE ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

(g) Amounts recognised in current year and previous four years

	(₹ in Lacs)				
Particulars	(2015-16)	(2014-15)	(2013-14)	(2012-13)	(2011-12)
Defined benefit obligation	859.58	892.86	698.58	621.74	525.51
Fair value of plan assets	177.67	226.80	218.76	179.18	277.94
Deficit	681.91	666.06	479.82	442.56	247.57
Experience adjustments on plan liabilities - (gains)/losses	(147.74)	(31.53)	(50.18)	129.13	(1.49)
Experience adjustments on plan assets - (gains)/losses	11.93	-	2.16	(3.32)	2.40

(h) The Company expects to contribute ₹ 300 lacs (₹ 215 lacs) to gratuity fund in the year 2016-2017.

### 35. 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

	(₹ in Lacs)	
Sales Revenue :-	2015-16	2014-15
Domestic Revenues (Net of Excise Duty)	22,610.70	22,247.66
Overseas Revenues (Including Export Benefits)	61,186.12	62,537.80
<b>Total</b>	<b>83,796.82</b>	<b>84,785.46</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 ₹ 2,071.98 lacs (₹ 1,224.33 lacs) & Domestic trade receivable is ₹ 386.00 lacs (₹ 258.41 lacs)

### 36. 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 31<sup>st</sup> March, 2016 amounting to ₹ 10,269.53 lacs (₹ 12,500.00 Lacs)

(ii) Foreign currency exposure that are not hedged by derivative instruments are as under :-

	(₹ in Lacs)	
Sr. Particulars No.	As at 31st March, 2016	As at 31st March, 2015
(i) Loans and advances	2.65	27.38
(ii) Trade Payables	610.70	2,765.36
(iii) Short-term borrowings	3,784.07	2,790.41
(iv) Other current liabilities	765.11	696.96
(v) Cash and Bank Balances	0.06	0.06


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)**
**37. 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:

Key Management Personnel and their relative	Mr. Pramod Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mrs. Vartika Mittal Goenka (women director) Mr. Anil Sureka (Managing Director) Mr R K Parakh (Whole-time Director) Mr G Janarthanam (Whole-time Director w.e.f 12th Feb'16) Mr Anshuman Bhanja (Upto 14th November, 2015)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	Navoday Consultant Ltd Navdisha Real Estate Pvt. Ltd Shakti Chrome Ltd Gontermann-Peipers (India) Ltd Dankuni Investment Ltd Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd Ispat Profiles India Ltd Ispat Corp Pvt. Ltd Global Steel Holding Asia Pte. Ltd Direct Trading and Investment Singapore Pte. Ltd Prasan Global Ventures Singapore Pte. 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:**

(₹ 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 (Net.)	6.00 -	350.00 1917.00	354.00 1917.00
2	Taken/(Repaid) Advances towards Promoter Contributions	- -	- (19405.00)	- (19405.00)
3	Sale of Goods/Assets	- -	48.29 88.50	48.29 88.50
4	Interest Received	- -	175.80 17.09	175.80 17.09
5	Rent	-- -	86.54 86.40	86.54 86.40
6	Managerial Remuneration	260.77 221.28	- -	260.77 221.28
7	Advance Received back	- -	- 5.00	- 5.00




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

(₹ 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
8	Subscription of Share Capital Including Premium	- -	<b>1,360.00</b> <i>1,056.00</i>	<b>1,360.00</b> <i>1,056.00</i>
9	Guarantees Given	<b>28,215.00</b> <i>19,502.64</i>	- -	<b>28,215.00</b> <i>19,502.64</i>
10	Money received against share warrant	- -	<b>935.89</b> -	<b>935.89</b> -
11	Loan from Body Corporate	- -	<b>1,000.00</b> -	<b>1,000.00</b> -
12	Interest to Others	- -	<b>40.32</b> -	<b>40.32</b> -
<b>Balance as at 31<sup>st</sup> March, 2016</b>				
13	Deposits	- -	<b>711.50</b> <i>711.50</i>	<b>711.50</b> <i>711.50</i>
14	Trade & other Payable	- -	<b>24.39</b> <i>15.73</i>	<b>24.39</b> <i>15.73</i>
15	Advance from Customer	- -	- <i>52.23</i>	- <i>52.23</i>
16	Money received against share warrant	- -	<b>935.89</b> -	<b>935.89</b> -
17	Loans including Interest receivable	<b>6.00</b> -	<b>2,457.78</b> <i>1,931.97</i>	<b>2,463.78</b> <i>1,931.97</i>
18	Loan from body corporate including Interest payable	- -	<b>1,040.32</b> -	<b>1,040.32</b> -

Note : Figures in Italic represents Previous Year's amounts.

**Disclosure in Respect of Material Related Party Transactions during the year:**

- Loans given (Net) to Ispat Profile India Ltd. ₹ 350.00 Lacs (Previous year ₹ 1,917.00 Lacs ) and Mr. Rajendra Kumar Parakh ₹ 10 Lacs and returned during the year ₹ 4 Lacs. ( Previous year ₹ Nil ).
- Repayment of Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited ₹ Nil (Previous Year ₹ 10,169.00Lacs) and Jaltarang Vanijya Pvt Ltd ₹ Nil (Previous Year ₹ 9,236 Lacs ).
- Sale of Goods/Assets Include sales made to Gontermann-Peipers (India) Limited ₹ 48.29 Lacs (Previous Year ₹ 88.50 Lacs).
- Interest received include Shakti Chrome Limited Rs: Nil (Previous Year ₹ 2.11 Lacs) & Ispat Profile India Ltd. ₹ 175.80 Lacs (Previous year ₹ 14.97 Lacs).
- Rents include Navdisha Real Estate Private Limited ₹ 86.54 Lacs (Previous Year ₹ 86.40 Lacs).
- Managerial Remuneration includes Mr. Anil Sureka ₹ 143.30 Lacs (Previous Year ₹ 143.89 Lacs), Mr. R K Parakh ₹ 58.64 Lacs (Previous Year ₹ 56.82 lacs), Mr G Janarthanam ₹ 24.73 Lacs ( Previous Year ₹ Nil) and Mr. Ansuman Bhanja ₹ 34.10 Lacs ( Previous Year ₹ 20.57 Lacs )

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)****37 Related Party Disclosures (contd.)**

7. Advance received back from Navoday Consultant Limited ₹ Nil ( Previous year ₹ 5.00 Lacs )
8. Subscription of Share capital (Including Premium) includes subscription by Dankuni investment limited ₹ Nil Lacs (Previous Year ₹ 528.00 Lacs) , Navodya consultants Ltd ₹ Nil (Previous Year ₹ 528.00 Lacs ) & Jal Tarang Vanijya Pvt Ltd. ₹ 1,360.00 Lacs ( Previous year ₹ Nil)
9. Guarantee given includes Mr. Pramod Mittal ₹ 13,789.00 Lacs (Previous Year ₹ 9,897.64 Lacs), Mrs. Vartika Mittal Goenka ₹ 4,821.00 Lacs (Previous Year ₹ Nil) and Mr. V K Mittal ₹ 9,605.00 Lacs (Previous Year ₹ 9,605.00 Lacs).
10. Amount received against share warrants includes Global Steel Holdings Asia Pte Ltd ₹ 279.45 Lacs (Previous Year ₹ Nil), Prasan Global Ventures Singapore Pte Ltd ₹ 377.03 Lacs (Previous Year ₹ Nil), Direct Trading & Investments Singapore Pte Ltd ₹ 279.41 Lacs (Previous year ₹ Nil).
11. Loan from body corporate taken from Ispat Corp Pvt. Ltd. ₹ 1,000 Lacs ( Previous year ₹ Nil)
12. Interest Payable to Ispat Corp Pvt. Ltd ₹ 40.32 Lacs ( Previous year ₹ Nil )
13. Deposits include Navdishia Real Estate Private Limited ₹ 711.50 Lacs (Previous Year ₹ 711.50 Lacs).
14. Trade & other Payables include Navdishia Real estate Pvt. Ltd. ₹ 24.39 Lacs (Previous year ₹ 15.73 Lacs).
15. Advance from customers includes Gontermann-Peipers (India) Limited ₹ Nil (Previous Year ₹ 52.23 Lacs)
16. Money received against share warrants includes Global Steel Holdings Asia Pte Ltd ₹ 279.45 Lacs (Previous Year ₹ Nil), Prasan Global Ventures Singapore Pte Ltd ₹ 377.03 Lacs (Previous Year ₹ Nil), Direct Trading & Investments Singapore Pte Ltd ₹ 279.41 Lacs (Previous year ₹ Nil).
17. Loans Including Interest receivable represents Ispat Profile India Ltd. ₹ 2,457.78 Lacs (Previous Year ₹ 1,931.97 Lacs ) and Mr. Rajendra Kumar Parakh ₹ 6.00 Lacs ( Previous Year ₹ Nil )
18. Loan from body corporate including interest payable represent Ispat Corp. Pvt. Ltd. ₹ 1,040.32 Lacs (Previous Year ₹ Nil ).

**38. Basis for calculation of Basic and Diluted Earnings per Share is as follows:**

Particulars	2015-16	2014-15
Present Weighted Average Equity Shares (In Numbers )	<b>74,628,116</b>	70,601,096
Net Profit after Taxes ( ₹ In Lacs)	<b>1,863.09</b>	2,924.09
Nominal Value of each Shares (In ₹ )	<b>5/-</b>	5/-
Basic Earnings Per Share (In ₹)	<b>2.50</b>	4.14



# 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 (₹ in Lacs)	As % of Consolidated net assets	Amount (₹ in Lacs)
<b>Parent</b>				
Balasore Alloys Limited	99.20	88,817.62	100.32	1,869.10
<b>Subsidiaries</b>				
Milton Holdings Limited	1.02	918.74	(0.03)	0.63
Balasore Metals Pte. Limited	(0.03)	(26.32)	(0.35)	(6.44)
<b>Associates (Investments as per the equity method)</b>				
Balasore Energy Limited	(0.00)	(0.01)	(0.01)	(0.20)

### 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' 2016	31st March' 2016
2	Exchange rate	1 USD=INR 65.46	1 USD=INR 65.46
3	Equity Share Capital (Issued, Subscribed & Paid Up)	2,194.83	0.00
4	Reserves & Surplus (incl. debit balance in Profit & Loss Account)	918.74	(26.32)
5	Total Assets	3,119.61	4.66
6	Total Liabilities	6.04	30.98
7	Investments	-	-
8	Turnover	-	-
9	Profit/(Loss) before Tax	0.63	(6.44)
10	Provision for taxation	-	-
11	Profit/( Loss) after taxation	0.63	(6.44)
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 ₹ in Lacs	Extent of Holding %	Net worth attributable to Shareholding as per latest audited Balance Sheet ₹ in Lacs	Considered in Consolidation ₹ in Lacs	Not Considered in Consolidation	Description of how there is significant influence	Reason why the Associate is not Consolidated
Balasore Energy Limited	31.03.2016	17000	1.7	34%	(0.01)	(0.20)	—	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 No. 101720W  
Chartered Accountants

**Amit Chaturvedi**  
Partner  
Membership No. 103141  
Place : Kolkata  
Date : 30th May, 2016

For and on behalf of Board of Directors

Anil Sureka                      R K Parakh  
(Managing Director)              (Director - Finance)  
DIN No.- 00058228              DIN No.- 00459699

Trilochan Sharma  
(Company Secretary)  
Membership No- FCS 6024



**ISPAT BALASORE ALLOYS LIMITED**

## NOTES

[illegible]

[illegible]



**ISPAT BALASORE ALLOYS LIMITED**

## NOTES

[illegible]





## 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 28th Annual General Meeting of the Company being held on Wednesday, 28th September, 2016 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) Amendment Rules, 2015]

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 28th Annual General Meeting of the Company, to be held on Wednesday, 28th September, 2016 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 Audited Financial Statement of the Company for the year ended on 31 <sup>st</sup> March, 2016, together with the Reports of the Directors and Auditors thereon.			
2	Declaration of dividend on equity shares for the financial year ended on 31 <sup>st</sup> March, 2016.			
3	Appointment of Mr. R K Parakh (DIN: 00459699) 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. Janarthanam Govindasamy (DIN: 07356448), as Director.			
6	Appointment of Mr. Janarthanam Govindasamy (DIN: 07356448), as the Whole-time Director of the Company.			
7	Appointment of Ms. Mita Jha (DIN: 07258314) as an Independent Director for a term of five years.			
8	Ratification of remuneration of Cost Auditor of the Company for the financial year 2016-17.			
9	Approval for revising borrowing limit of the Company under Section 180(1)(c) of the Companies Act, 2013.			
10	Approval for revision in mortgaging of properties of the Company under Section 180(1)(a) of the Companies Act, 2013.			

Signed this ..... day of ....., 2016

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 28th 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 resolution, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

## Route Map to the Venue of the 28th Annual General Meeting of Balasore Alloys Limited

Balgopalpur-756 020  
Dist. Balasore  
Odisha



**BOOK POST**

*If undelivered please return to:*

**MCS SHARE TRANSFER AGENT LIMITED**  
(Unit: Balasore Alloys Ltd.)  
12/1/5 Manoharpukur Road, Kolkata - 700 026