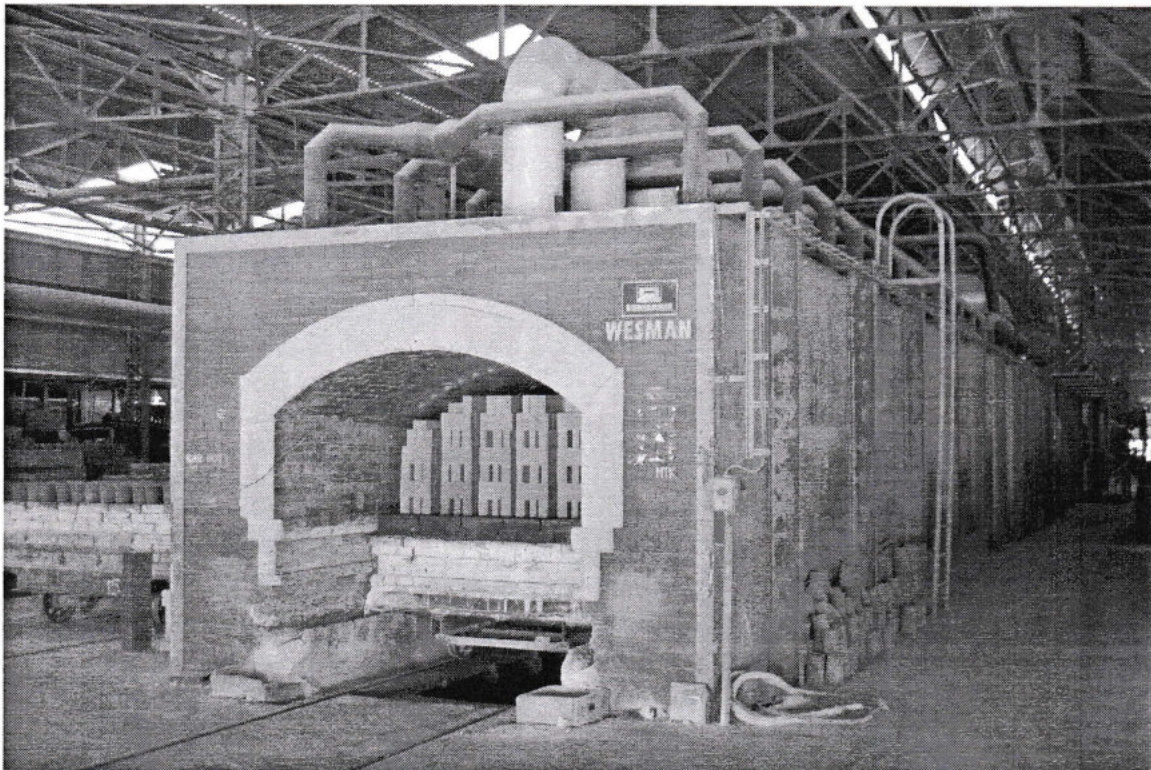




SAIL REFRACTORY COMPANY LIMITED

Annual Accounts for the year ended
31-03-2017



SENGOTTAIYAN & CO.,
CHARTERED ACCOUNTANTS,
2/337-C, RAM NAGAR,
MEYYANUR,
SALEM - 636 004.

✉ sengotin@yahoo.com

① HO: 0427-24262210

📞 94422-88221

📠 HO: 0427-2416760

Independent Auditor's Report

To the Members of

SAIL REFRACTORY COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **SAIL REFRACTORY COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these 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 there under.

We have conducted our audit in accordance with the Standards on Auditing specified u/s 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 Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



Other Matters:

- (a) The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us as per our report for the year ended 31st March 2015 dated 01.06.2015 and our report for the year ended 31st March, 2016 dated 22.07.2016 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A', a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure 'B' on the directions issued by Comptroller and Auditor General of India.
3. As required by section 143(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.
- e) As per the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company being a joint venture of two Government Companies.
- 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 'C'.
- 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:
- The Company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statement. (Refer Note No. 35 to the Ind AS financial statement)
 - In our opinion and to the best of our information and explanations given to us, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - In our opinion and to the best of our information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. ,
 - The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Refer Note No. 9 to the Ind AS financial statements.

Place: Salem

Date: 27th May 2017

For SENGOTTAIYAN & CO.
CHARTERED ACCOUNTANTS

Ses

(CA.V.SESHADRI, M.Com FCA
PARTNER
M No : 214739



ANNEXURE -'A' to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of **SAIL REFRACTORY COMPANY LIMITED** on the Ind AS financial statements for the year ended 31st March 2017

i) In respect of its fixed assets:

- a) The Unit has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets of the Unit have been physically verified by the management at reasonable intervals in a phased manner so as to generally cover all the assets other than land holdings once in three years. As informed to us, no material discrepancies have been noticed on such verification wherever reconciliation has been carried out.

In respect of Freehold Land holdings, the Company has partially surveyed them to ensure that they are free from any encumbrance and encroachments. In rest of the cases survey is yet to be completed. The Company is following up with survey department for completion of full survey

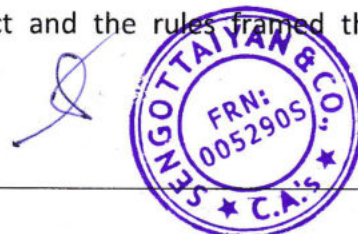
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Plant/Unit, the title/lease deeds of immovable properties are held in the name of the erstwhile Burn Standard Company Ltd.

ii) The inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/estimates. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.

iii) The Unit has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the clauses (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the order are not applicable to the Company.

iv) The unit has not granted any loans or made any investment or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013

v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.



Therefore the provision of clause (v) of the paragraph 3 & 4 of the order are not applicable.

- vi) We have broadly reviewed the accounts and records maintained by the company pursuant to the rules made by the Central Government for maintenance of cost record under Sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate and complete;
- vii) According to the information and explanations given to us in respect of statutory dues:
- a. The Plant/Unit has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Taxes, Cess and other Statutory Dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2017.
- b. According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2017 as given herein below:

Statute	Nature of Dues	Amount (Rs. in crore)	Forum where disputes are pending.
Central Excise Act, 1944	Excise Duty	1.21	Commissioner of Appeals, Salem.
Central Sales Tax Act, 1956	Demand by Appellate Authorities	7.68	Madras High Court
	TOTAL	8.89	

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. Company has no dues from Government or debenture holders.
- ix) According to the books and records of the company and as per the information and explanation given to us by the management, the company has not raised any money by way of initial public offer or further public offer (including Debt instrument). Term loans have not been obtained from bank and financial institution during the Financial Year.



- x) According to the information and explanation given to us and as represented by the Management and based on our examination of the books and records of the company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.
- xi) As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 is not applicable to the Government Companies. Accordingly, provisions of paragraph 3 (xi) of the Order are not applicable to the Company.
- xii) The provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) The Company has complied with the provisions of Sec. 177 & 188 of the Companies Act 2013 w.r.t. transactions with the related parties, where applicable, details of the transaction with the related parties have been disclosed in Note No.36 of the Ind AS financial statements as required by the applicable Indian Accounting Standard.
- xiv) The Unit has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv) The Unit has not entered into non-cash transactions with directors or persons connected with him, as covered under Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Unit is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Salem

Date: 27th May 2017

For SENGOTTAIYAN & C
CHARTERED ACCOUNTANTS

Ses
(CA.V.SESHADRI, M.Com FCA
PARTNER
M No :214739



SENGOTTAIYAN & CO.,
 CHARTERED ACCOUNTANTS,
 2/337-C, RAM NAGAR,
 MEYYANUR,
 SALEM - 636 004.

✉ sengotin@yahoo.com
 ☎ HO: 0427-2330330/24262210
 📞 94422-88221
 📠 HO: 0427-2416760

Annexure-B to the Independent Auditor's Report

	Directions under section 143(5) of Companies Act 2013																					
	QUESTIONS	AUDITORS COMMENTS																				
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Title / lease deeds are available for all freehold and leasehold land except for a freehold land of 1.23 acres in Jagir Ammapalayam.																				
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	<p>Write offs are done on case to case basis with the approval of competent authorities. The details of the waiver/write off of debts/loans/interest is given below along with major reasons thereof :</p> <table><tr><th>Sl. NO.</th><th>Nature of dues</th><th>Amount involved (Rs. in crore)</th><th>Major reasons of waiver/write off</th></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td>NIL</td><td></td></tr><tr><td>2</td><td></td><td>NIL</td><td></td></tr><tr><td>3</td><td></td><td>NIL</td><td></td></tr></table>	Sl. NO.	Nature of dues	Amount involved (Rs. in crore)	Major reasons of waiver/write off					1		NIL		2		NIL		3		NIL	
Sl. NO.	Nature of dues	Amount involved (Rs. in crore)	Major reasons of waiver/write off																			
1		NIL																				
2		NIL																				
3		NIL																				
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	As informed to us, the details of inventories lying with third parties are maintained at plants. There are no assets received as gifts from the government or other authorities during the year.																				

Place: Salem

Date: 27th May 2017

For SENGOTTAIYAN & CO.
CHARTERED ACCOUNTANTS

(Signature)
(CA.V.SESHADRI, M.Com FCA
PARTNER
M No :214739



“Annexure C” to the Independent Auditor’s Report of even date on the Financial Statements of SAIL REFRACTORY COMPANY LIMITED

Report on the Internal Financial Controls 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 SAIL Refractory Company Limited (“the Unit”) as of March 31, 2017 in conjunction with our audit of the 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our



audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Salem

Date: 27th May 2017

For **SENGOTTAIYAN & CO.**
CHARTERED ACCOUNTANTS



CA. V. SESHADRI, M.Com FCA
PARTNER
M No : 214739



SAIL REFRACTORY COMPANY LIMITED

Balance Sheet as at 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)


	Note	31st March 2017	31st March 2016	1st April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,480.41	1,688.74	1,882.04
Deferred tax assets (net)	5	177.19	90.16	317.74
		1,657.60	1,778.90	2,199.78
Current assets				
Inventories	6	2,473.72	2,870.62	2,341.87
Financial assets				
Trade receivables	7	2,196.33	4,035.34	2,136.64
Cash and cash equivalents	8	1,962.22	1,266.14	1,683.45
Other bank balances	9	7,002.99	3,482.63	4,792.76
Loans	10	1,126.19	109.37	123.05
Other financial asset	11	32.84	70.25	35.99
Other current assets	12	375.28	387.40	359.20
Current tax assets (net)	13	-	89.22	-
		15,169.57	12,310.97	11,472.92
		16,827.17	14,089.87	13,672.69
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	5.00	5.00	5.00
Other equity	15	11,670.89	10,195.17	9,143.29
		11,675.89	10,200.17	9,148.29
Non-current liabilities				
Deferred tax liabilities (net)	5	-	-	-
Long-term provisions	16	246.11	206.92	558.94
		246.11	206.92	558.94
Current liabilities				
Financial Liabilities				
Trade payables	17	817.29	1,325.48	1,237.51
Other financial liabilities	18	1,633.50	1,578.18	1,693.32
Other current liabilities	19	229.87	203.26	390.66
Short term provisions	16	1,009.74	575.84	579.29
Current tax liabilities (net)	13	1,214.76	-	64.69
		4,905.16	3,682.77	3,965.47
		16,827.17	14,089.87	13,672.69

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors


(S. RAJAGOPAL)
AGM(F&A)

(S. RAMASAMY)
C.O.O


(S.K. GARAI)
CHAIRMAN/DIRECTOR
(DIN: 07444557)


(P.K. MISHRA)
DIRECTOR
(DIN: 07576645)

As per our report of even date
for SENGOTTAIYAN & CO
Chartered Accountants

(CA. V. SESHADRI)
Partner, M.No. 214739



Place: Salem
Date: 27th May 2017

SAIL REFRACTORY COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)


	Note	31st March 2017	31st March 2016
Revenue			
Revenue from operations	20	14,177.53	13,080.76
Other income	21	474.83	468.04
		14,652.36	13,548.80
Expenses			
Cost of materials consumed		3,574.77	2,776.51
Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	(328.95)	(15.85)
Excise Duty		1,249.25	1,100.41
Employee benefit expenses	23	1,594.89	1,359.87
Finance costs	24	0.21	0.17
Depreciation and amortisation expense	25	167.01	206.59
Other expenses	26	5,130.56	5,266.86
		11,387.73	10,694.56
Profit before tax		3,264.63	2,854.24
Tax expense	27	1,163.27	1,265.25
Profit after tax for the year		2,101.36	1,588.99
Other Comprehensive Income			
A i) Actuarial (loss)/gain on post employment benefit plan		(102.74)	62.93
ii) Income tax relating to the actuarial (loss)/gain		35.56	(21.78)
Other Comprehensive Income for the year		(67.19)	41.15
Total Comprehensive Income for the year		2,034.18	1,630.14
Earnings per equity share			
Basic (₹)	28	4,203	3,178
Diluted (₹)	28	4,203	3,178


Summary of significant accounting policies

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For and on behalf of the Board of Directors



(S. RAJAGOPAL)
AGM(F&A)


(S. RAMASAMY)
C.O.O


(S.K. GARAI)
CHAIRMAN/DIRECTOR
(DIN: 07444557)


(P.K. MISHRA)
DIRECTOR
(DIN: 07576645)

As per our report of even date
for SENGOTTAIYAN & CO
Chartered Accountants


(CA. V. SESHADRI)
Partner, M.No. 214739

Place: Salem

Date: 27th May 2017




SAIL REFRACTORY COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Cash flow from operating activities		
Net profit before tax	3,264.63	2,854.24
Adjustments for:		
Depreciation and amortisation	167.01	206.59
Provision for doubtful trade receivables	-	(13.27)
Provision for slow moving and obsolete inventory	54.96	6.36
Impairment of property, plant and equipment	251.15	-
Interest income	(474.83)	(468.04)
Finance costs	0.21	0.17
Operating cash flows before working capital changes	3,263.12	2,586.05
Changes in operating assets and liabilities		
(Increase) in trade receivables	1,839.01	(1,885.43)
(Increase) in inventories	341.94	(535.12)
(Increase) in other short term financial assets	(979.41)	(20.59)
(Increase) in other current assets	12.12	(28.20)
Increase/(Decrease) in trade payables	(508.19)	87.97
Increase/(Decrease) in long term provisions	(63.54)	(289.09)
Increase/(Decrease) in short term provisions	433.90	(3.45)
Increase/(Decrease) in other financial liabilities	55.31	(115.14)
Increase/(Decrease) in other current liabilities	26.60	(187.40)
Cash flow generated from operations	4,420.87	(390.38)
Income taxes paid (net of refunds)	89.22	(1,213.36)
Net cash flow from operating activities A	4,510.08	(1,603.73)
Cash flow from investing activities		
Purchase or construction of Property, plant and equipment	(209.83)	(13.29)
Bank deposits (having original maturity of more than three months) (net)	(3,520.36)	1,310.13
Interest received	474.83	468.04
Net cash generated from investing activities B	(3,255.36)	1,764.88
Cash flow from financing activities		
Dividend paid (including tax on dividend)	(558.46)	(578.26)
Finance cost paid	(0.21)	(0.17)
Net cash used by financing activities C	(558.67)	(578.43)
Net cash increase in cash and cash equivalents (A+B+C)	696.08	(417.31)
Cash and cash equivalents at the beginning of the year	1,266.14	1,683.45
Cash and cash equivalents at the end of the year	1,962.22	1,266.14
Movement in cash balance	696.08	(417.31)
Reconciliation of cash and cash equivalents as per cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash on hand	0.83	0.40
Balances with banks		
On current accounts	370.85	65.74
On deposits with original maturity upto 3 months	1,590.54	1,200.00
	1,962.22	1,266.14

For and on behalf of the Board of Directors

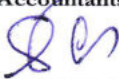

(S. RAJAGOPAL)
AGM(F&A)


(S. RAMASAMY)
C.O.O


(S.K. GARAI)
CHAIRMAN/DIRECTOR
(DIN: 07444557)


(P.K. MISHRA)
DIRECTOR
(DIN: 07576645)

As per our report of even date
for SENGOTTAIYAN & CO
Chartered Accountants


(CA. V. SESHADRI)
Partner, M.No. 214739



Place: Salem
Date: 27th May 2017

SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

1. Corporate and General Information

SAIL Refractory Company Limited ("the Company") was incorporated on 23 August 2011. On 16 December 2011, the Company acquired Salem refractory works of Burn Standard Company Limited ('BSCL') as part of the financial restructuring of BSCL approved by the cabinet committee of Economic Affairs (Government of India). The Company is engaged in production of calcined magnesite, mag-carb bricks and dunite. The Company is having production facility at Salem, Tamil Nadu. The registered office of the Company is situated at Salem steel plant, Salem Tamil Nadu, India.

These financial statements were approved by the Board of Directors of the Company in their meeting held on 27th May 2017.

2. Basis of preparation

2.1. Statement of Compliance

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with the Indian Accounting Standards (Ind-AS) under Section 133 of Companies Act, 2015, and as notified under the Companies (Indian Accounting Standards) Rules 2015, and other accounting principles generally accepted in India. The Company has uniformly applied the accounting policies during the period presented. These are the Company's first Ind-AS financial statements and Ind-AS 101, First time adoption of Indian Accounting Standards has been applied.

For all the periods up to and including 31 March 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, which includes, Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 2013 (collectively referred to as 'Indian GAAP'). The Company followed the provisions of Ind-AS 101 in preparing its opening Ind-AS Balance Sheet as of the date of transition, viz., 1 April 2015. Certain of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31 March 2015 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arose from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1 April, 2015 as required by Ind- AS 101.

2.2. Basis of Measurement

The financial statements are prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities which are classified as fair value through profit and loss or fair value through other comprehensive income;
- assets held for sale, at fair value less cost to sell;
- defined benefit plans and plan assets.

2.3. Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in ₹ have been rounded off to the nearest rupee unless otherwise stated.

2.4 Use of Estimates and Management Judgement

In preparing the financial statements in conformity with Company's accounting policies, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, the amounts of revenue and expenses during the reported period and notes to the financial statements. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

3. Summary of significant accounting policies

3.1 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement and re-measurement of monetary items denominated in foreign currency are recognised in the Statement of Profit and Loss at period-end exchange rates.

The Company opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences (including arising out of forward exchange contracts) relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.2 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Sales include excise duty and are net of sales taxes, rebates and price concessions. Sales are recognised at the time of dispatch of materials to the buyers including the cases where delivery documents are endorsed in favour of the buyers. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

- i) The issue of bill of lading, or
- ii) Negotiation of export bills upon expiry of laycan period, in cases where realisation of material value without shipment is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognised as income on certainty of realisation.

The iron ore fines not readily useable/saleable are included in inventory and revenue is recognised on disposal.

Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive is established.

3.3 Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset, during the period of time that is necessary to complete and prepare the asset for its intended use.

Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Other borrowing costs are recognised in the Statement of Profit & Loss in the period in which these are incurred.

The Company considers a period of twelve months or more as a substantial period of time



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

3.4 Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Where the Grant relates to an asset value, it is recognised as deferred income, and amortised over the expected useful life of the asset. Other grants are recognised in the statement of comprehensive income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset.

3.5 Property, plant and equipment

Land

Land held for use is initially recognised at cost.

Other Tangible Assets

Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The initial cost at cash price equivalence of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the assets to its working condition and location and present value of any obligatory decommissioning costs for its intended use. Plant and Machinery also include assets held under finance lease.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads, directly attributable borrowing costs including trial run expenses, net of revenue

Spares having useful life of more than one year and having value of Rs. 10 lakhs or more in each case, are capitalised under the respective heads as and when available for use.

Profit or loss arising on the disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Subsequent Cost

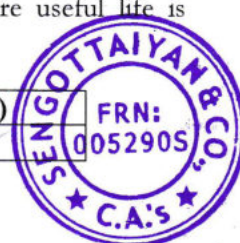
Subsequent expenditure is recognised as an increase in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits deriving from the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Major repairs of Rs. 50 lakhs or more of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits of the costs incurred will flow to the Company. The carrying amount of the replaced items is derecognised.

Depreciation

Depreciation on tangible assets and investment property is provided on straight line method, considering residual value of 5% of the cost of the asset, over the useful lives of the assets, as specified in Schedule II of the Companies Act, 2013 except in case of certain components of Plant and Machinery where useful life is determined by technical experts. The useful life assumed by the technical experts is as under:

Asset category	Estimated useful life (in years)
Certain components of Plant and Machinery	5 Years



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

For these above referred assets, based on technical evaluation carried out by technical experts, the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The estimated useful lives of depreciable/ amortisable assets are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortised depreciable amount is provided over the residual useful life of the asset. Depreciation on addition/ deletion during the year is provided on pro-rata basis with reference to the month of addition/ deletion. Assets costing up to Rs. 5,000/- are fully depreciated in the year in which they are put to use.

Depreciation on capital spares is provided over the useful life of the spare or remaining useful life of the mother asset whichever is lower.

3.6 Stripping cost

The stripping cost incurred during the production phase of a surface mine is recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and following criteria are met:

- It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity,
- The entity can identify the component of an ore body for which access has been improved, and
- The costs relating to the improved access to that component can be measured reliably.

The expenditure, which cannot be specifically identified to have been incurred to access ore is charged to revenue, based on stripping ratio as per 5 year mining plan for mines, except collieries which is based on project report.

3.7 Intangible assets

Recognition and measurement

Mining Rights

Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on the basis of annual production to the total estimated mineable reserves. In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non- renewal.

Acquisition Cost i.e. cost associated with acquisition of licenses, and rights to explore including related professional fees, payment towards statutory forestry clearances, as and when incurred, are treated as addition to the Mining Right.

Other Intangible Assets

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period of five years or its licence period, whichever is less.

Research and development

Development expenditure is capitalised only if it can be measured reliably and the related asset and process are identifiable and controlled by the company. Research and other development expenditure is recognised as revenue expenditure as and when incurred.

Subsequent Cost

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss.



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

3.8 Impairment of non-financial assets

The Company reviews the carrying amount of its assets on each Balance Sheet date for the purpose of ascertaining impairment if any, by considering assets of entire one Plant as Cash Generating Unit (CGU). If any such indication exists, the assets' recoverable amount is estimated, as higher of the Net Selling Price and the Value in Use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

3.9 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category.



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.

3.10 Inventories

Raw materials, Stores & Spares and Finished/Semi-finished products (including process scrap) are valued at lower of cost and net realisable value of the items of the respective Plants/Units. In case of identified obsolete/surplus/ non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

Residue products and other scrap are valued at estimated net realisable value.

The basis of determining cost is:

- Raw materials - Periodical weighted average cost
- Minor raw materials - Moving weighted average cost
- Stores & Spares - Moving weighted average cost
- Materials in-transit - at cost
- Finished/Semi-finished products - material cost plus appropriate share of labour, related overheads and duties.

3.11 Equity and Reserves

Share Capital represents the nominal value of shares that have been issued. Securities premium includes any premium received on issue of Share Capital. Any transaction costs associated with the issuing of shares are deducted from Securities premium account, net of any related income tax benefits.

Other components of equity include retained earnings include all current and prior period retained profits.

3.12 Employee benefits

Defined Contribution Plan

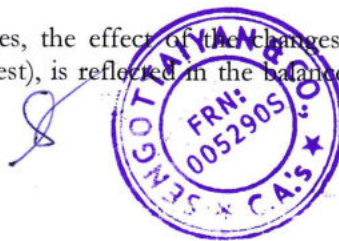
A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due.

Defined Benefit Plan

Defined benefit plans are the amount of the benefit that an employee will receive on completion of services by reference to length of service, last drawn salary or direct costs related to such benefits. The legal obligation for any benefits remains with the Company.

The liability recognised for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. Actuarial gains and losses are included in Statement of Profit and Loss or Other Comprehensive Income of the year.

Re-measurement, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

Short-term employee benefits

Short term employee benefits comprise of employee costs such as salaries, bonus, ex-gratia, annual leave and sick leave which are accrued in the year in which the associated services are rendered by employees of the Company.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Expenditure incurred on Voluntary Retirement Scheme is charged to the Statement of Profit and Loss immediately.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into cash and subject to an insignificant risk of changes in value.

3.14 Provisions, contingent liabilities and contingent assets

Provisions and Contingent Liabilities:

A Provision is recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made.

Contingent assets:

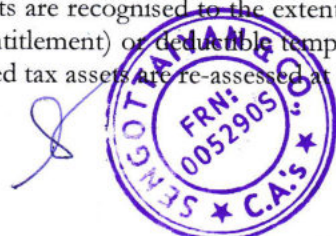
Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

3.15 Income taxes

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (MAT Credit entitlement) or deductible temporary difference will be utilised against future taxable income. Unrecognised deferred tax assets are re-assessed at each reporting date and



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

3.16 Significant judgement and estimates in applying Accounting policy

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

Classification of Leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Close-down and Restoration Obligations

Close-down and restoration costs are normal consequence of mining or production, and majority of close-down and restoration expenditure are incurred in the years following the closure of mine, although the ultimate cost to be incurred is uncertain, the Company estimate their costs using current restoration techniques.

Inventories

The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined Benefit Obligation (DBO)

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

Mines Closure and Restoration Obligations

Environmental liabilities and Asset Retirement Obligation (ARO): Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs.

Useful lives of depreciable/ amortisable assets (tangible and intangible)

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.



SAIL Refractory Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

Provision and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

Fair value measurements

The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



SAIL Refractory Company Limited

Statement of changes in equity for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

A Equity Share Capital

Particulars	Balance at the beginning of the reporting period	Changes to equity share capital during the year	Balance at the end of reporting period
Equity Share Capital	5.00	-	5.00

B Other Equity

	Reserves and Surplus				
	Capital reserve	General reserve	Retained earnings	OCI Reserve - Actuarial (loss)/gain	Total
Balance as at 1 April 2015	4,374.95	404.30	4,364.04	-	9,143.29
Profit for the year	-	-	1,588.99	41.15	1,630.14
Dividends paid	-	-	(578.26)	-	(578.26)
Transfers	-	155.00	(155.00)	-	-
Remeasurement gain/loss during the year					
Balance as at 31 March 2016	4,374.95	559.30	5,219.77	41.15	10,195.17
Profit for the year	-	-	2,101	(67)	2,034.18
Dividends paid	-	-	(558)	-	(558.46)
Transfers	-	-	-	-	-
Remeasurement gain/loss during the year	-	-	-	-	-
Balance as at 31 March 2017	4,374.95	559.30	6,762.67	(26.03)	11,670.89



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

4. Property, plant and equipment

Description	Gross block				Accumulated depreciation			Net block	
	1 April 2015	Additions	Disposals/ Adjustments	31 March 2016	1 April 2015	Additions	Disposals/ Adjustments	31 March 2016	Net block * 1 April 2015
A. Plant, Mines & Others									
Land (Including cost of development)									
-Freehold land	511.48	-	-	511.48	-	-	-	511.48	511.48
Mine Development Asset	1.62	0.45	-	2.07	0.03	0.01	0.04	2.03	1.59
Buildings and related equipments	179.54	-	-	179.54	20.06	5.61	25.67	153.87	159.48
Plant and machinery - Others	1,676.04	-	-	1,676.04	564.04	191.54	755.58	920.46	1,112.00
Furniture and fixtures	10.52	-	-	10.52	1.30	0.57	1.87	8.65	9.22
Vehicles	19.91	5.99	-	25.90	0.09	0.11	0.20	25.70	19.82
EDP Equipment's & Miscellaneous articles	49.60	6.85	-	56.45	19.21	7.46	26.67	29.78	30.39
Roads, bridges & culverts	8.05	-	-	8.05	7.42	-	7.42	0.63	0.63
Water supply & sewerage	8.75	-	-	8.75	6.93	0.34	7.27	1.48	1.82
Subtotal 'A'	2,465.51	13.29	-	2,478.80	619.08	205.64	-	1,654.08	1,846.43
B. Social Facilities									
Buildings and related equipments	27.30	-	-	27.30	2.73	0.95	3.68	23.62	24.57
Subtotal 'B'	27.30	-	-	27.30	2.73	0.95	3.68	23.62	24.57
C. Property, plant and equipment retired from active use									
Assets retired from active use	11.04	-	-	11.04	-	-	-	11.04	11.04
Subtotal 'C'	11.04	-	-	11.04	-	-	-	11.04	11.04
Total	2,503.85	13.29	-	2,517.14	621.81	206.59	828.40	1,688.74	1,882.04

* Represents deemed cost on the date of transition to IndAS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.



Sail Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Property, plant and equipment

Description	(For the year ended 31 March, 2017)					
	Gross block		Accumulated depreciation		Net block	Net block
	1 April 2016	Additions	Disposals/ Adjustments	31 March 2017	31 March 2017	1 April 2016
A. Plant, Mines & Others						
Land (Including cost of development)						
-Freehold land	511.48			511.48	511.48	511.48
Mine Development Asset	2.07	0.19		2.25	2.21	2.03
Buildings and related equipments	179.54	61.34		240.88	209.53	153.87
Plant and machinery - Others	1,676.04	52.11	(251.15)	1,477.00	572.14	920.46
Furniture and fixtures	10.52	0.62		11.14	8.67	8.65
Vehicles	25.90	16.04		41.94	40.65	25.70
EDP Equipment's & Miscellaneous articles	56.45	79.54		135.99	100.25	29.78
Roads, bridges & culverts	8.05	(0.00)		8.05	0.63	0.63
Water supply & sewerage	8.75	(0.00)		8.75	1.14	1.48
Subtotal 'A'	2,478.80	209.83	(251.15)	2,437.47	1,446.70	1,654.08
B. Social Facilities						
Buildings	27.30			27.30	22.67	23.62
Subtotal 'B'	27.30	-	-	27.30	22.67	23.62
C. Property, plant and equipment retired from active use						
Assets retired from active use	11.04			11.04	11.04	11.04
Subtotal 'C'	11.04	-	-	11.04	11.04	11.04
Total	2,517.14	209.83	(251.15)	2,475.81	1,480.41	1,688.74

(i) Buildings include net block of ₹ 677.83 lacs (677.83 lacs as on 31 March, 2016, 677.83 lacs as on 31 March, 2015) for which conveyance deed is yet to be registered in the name of the Company.

(ii) Assets retired from active use and waiting for disposal amounting to ₹ 11.04 lacs has been shown under note property, plant and equipment, the net realizable value of which in the opinion of the management, will not be less than the amount shown and does not require any provision.

(iii) Impairment loss relates to "Plant and Machinery - Others" that are considered to be technically obsolete and are not in day to day operational use. An impairment amounting to ₹ 251.15 lacs has been recorded in the statement of profit and loss.



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

5. Deferred tax

Deferred tax assets arising on account of :

	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits	123.29	119.73	245.25
Provision for doubtful debts and advances	187.37	187.37	191.96

Deferred tax liabilities arising on account of :

Property, plant & equipment	(133.47)	(216.94)	(119.47)
	177.19	90.16	317.74

Movement in deferred tax assets

Particulars	1 April 2015	Recognised in other comprehensive income	Recognised in Profit and Loss	31 March 2016
Non-current assets				
Property plant and equipment	(119.47)	-	(97.46)	(216.94)
Current assets	-	-		-
Trade and other receivable	191.96	-	(4.59)	187.37
Current liabilities	-	-		-
Employee obligations	245.25	(21.78)	(103.74)	119.73
Total	317.74	(21.78)	(205.80)	90.16

Movement in deferred tax assets

Particulars	31 March 2016	Recognised in other comprehensive income	Recognised in Profit and Loss	31 March 2017
Non-current assets				
Property plant and equipment	(216.94)	-	83.47	(133.47)
Current assets				
Trade and other receivable	187.37	-	-	187.37
Current liabilities				
Employee obligations	119.73	35.56	(32.00)	123.29
Total	90.16	35.56	51.47	177.19



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

	<u>31 March 2017</u>	<u>31 March 2016</u>	<u>31 March 2015</u>
6. Inventories			
(Valued at cost, unless otherwise stated)			
Raw Materials & Components	576.82	1,153.90	705.35
Less: Adjustment for Slow & Non moving	-	-	-
Sub total - Raw Materials and components (A)	<u>576.82</u>	<u>1,153.90</u>	<u>705.35</u>
Work in Progress	600.98	332.92	150.98
Sub total - Work in Progress (B)	<u>600.98</u>	<u>332.92</u>	<u>150.98</u>
Finished goods	754.02	693.13	859.22
Less: Adjustment for slow & non moving inventories	-	-	-
Sub total - Finished Goods (C)	<u>754.02</u>	<u>693.13</u>	<u>859.22</u>
Stores and Spares	541.90	690.67	626.32
Slow & non-moving inventories	101.88	46.92	40.56
Less: Adjustment for slow & non moving inventories	(101.88)	(46.92)	(40.56)
Sub total - Stores & Spares (D)	<u>541.90</u>	<u>690.67</u>	<u>626.32</u>
Total (A+B+C+D)	<u>2,473.72</u>	<u>2,870.62</u>	<u>2,341.87</u>
7. Trade receivables			
Trade receivables outstanding for a period less than six months			
Secured			
Unsecured			
Considered good	2,196.33	4,035.34	2,136.64
Considered doubtful	541.41	541.41	554.68
	<u>2,737.74</u>	<u>4,576.75</u>	<u>2,691.32</u>
Less: provision for doubtful receivables	<u>(541.41)</u>	<u>(541.41)</u>	<u>(554.68)</u>
	<u>2,196.33</u>	<u>4,035.34</u>	<u>2,136.64</u>



SAIL Refractory Company Limited**Notes to the Financial Statements for the year ended 31 March 2017****(All amounts in ₹ lacs, unless otherwise stated)**

	<u>31 March 2017</u>	<u>31 March 2016</u>	<u>31 March</u>
8. Cash and bank balances			
Cash and cash equivalents			
Cash in hand	0.83	0.40	0.08
Bank deposits with original maturity less than 3 months	1,590.54	1,200.00	1,141.83
Balances with banks			
Current accounts	370.85	65.74	541.54
	<u>1,962.22</u>	<u>1,266.14</u>	<u>1,683.45</u>
9. Other bank balances			
Bank deposits with original maturity more than 3 months but less than 12 months	7,002.99	3,482.63	4,792.76
	<u>7,002.99</u>	<u>3,482.63</u>	<u>4,792.76</u>
	<u>8,965.21</u>	<u>4,748.77</u>	<u>6,476.21</u>

(i) There are no repatriation restrictions with respect to cash and bank balances available with the Company.

(ii) Disclosure regarding Specified Bank Notes (SBN) as per MCA notification dated 30th March

	SBNs	Other	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise)

	31 March 2017	31 March 2016	31 March 2015
10. Loans			
Security and other deposits	1,084.32	61.22	62.01
Loan to employees	41.87	48.15	61.04
	1,126.19	109.37	123.05
11. Other financial assets			
Claims recoverable	183.54	220.95	186.69
	183.54	220.95	186.69
Less Provision for claims receivable	(150.70)	(150.70)	(150.70)
	32.84	70.25	35.99
12. Other current assets			
Recoverable from government authorities	-	2.38	-
Advance to contactor and suppliers	397.29	407.03	336.31
Prepaid expenses		-	44.90
	397.29	409.41	381.21
Less: provision for doubtful advances	(22.01)	(22.01)	(22.01)
	375.28	387.40	359.20
13. Current tax asset/(liabilitis) (net)			
Advance income tax paid	910.67	945.85	891.13
Tax deducted at Source	-	54.04	28.14
Less : Provision for income tax	(2,125.43)	(910.67)	(983.96)
	(1,214.76)	89.22	(64.69)



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise)

	31 March 2017	31 March 2016	1 April 2015
14. Equity share capital			
Authorised capital			
50,000 (previous year 50,000) equity shares of ₹ 10 each	5.00	5.00	5.00
	5.00	5.00	5.00
Issued and subscribed capital			
50,000 (previous year 50,000) equity shares of ₹ 10 each	5.00	5.00	5.00
Paid-up capital			
50,000 (previous year 50,000) equity shares of ₹ 10 each	5.00	5.00	5.00
	5.00	5.00	5.00

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2017		31 March 2016	
	No of shares	Amount	No of shares	Amount
Equity shares at the beginning of the year	50,000	5.00	50,000	5.00
Equity shares at the end of the year	50,000	5.00	50,000	5.00

b) Rights/preferences/restrictions attached to equity shares

All shares rank equally with regard to the repayment of capital in the event of liquidation of the company.

The Company is a wholly owned subsidiary of Steel Authority of India Ltd (a Govt of India undertaking)

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

	As on 31 March 2017		As on 31 March 2016		As on 1 April 2015	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Equity shares of ₹ 10 each fully paid up						
Steel Authority of India limited	49,994	99.99%	49,994	99.99%	49,994	99.99%

i) There are no other individual shareholders holding 5% or more in the issued share capital of the Company.



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless

15. Other equity

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital reserve	4,374.95	4,374.95	4,374.95
General reserve	763.30	559.30	404.30
Retained earnings	6,558.67	5,219.77	4,364.04
Other comprehensive income reserve	(26.03)	41.15	-
Total reserve	11,670.89	10,195.17	9,143.29

	For the year 31 March 2017	For the year 31 March 2016
Capital reserve		
Opening balance	4,374.95	4,374.95
Add: Shares issued during the year	-	-
Sub total (A)	4,374.95	4,374.95
General reserve		
Opening balance	559.30	404.30
Amount transferred from retained earnings	204.00	155.00
Sub total (B)	763.30	559.30

Statement of profit and loss

Opening balance	5,219.77	4,364.04
Add : Net profit for the year	2,101.36	1,588.99
Less :		
Transfer to general reserve	(204.00)	(155.00)
Equity dividend paid	(464.00)	(480.00)
Tax on equity dividend	(94.46)	(98.26)
Net surplus in statement of profit and loss (C)	6,558.67	5,219.77

Other Comprehensive Income

Remeasurement of post employee benefits - gratuity

Opening balance	41.15	-
Movement	(67.19)	41.15
Sub total (D)	(26.03)	41.15
Total (A+B+C+D)	11,670.89	10,195.17

SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

Nature and purpose of other reserves

Capital Reserve

Capital Reserve represent the capital reserve/ bargain gain recognised as a part of business combination accounted for under previous GAAP.

General reserve

The company is required to create to a general reserve out of the profits when the company declares the dividend in accordance with relevant rules of the Companies Act.



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

	31 March 2017	31 March 2016	1 April 2015
	Long-term		
	31 March 2017	31 March 2016	1 April 2015
16A. Provisions			
Gratuity	115.3	120.30	488.71
Accrued leave liability	121.39	77.40	68.23
Mine closure	2.99	2.61	2.00
Travelling allowance post retirement	6.43	6.61	-
	246.11	206.92	558.94
	Short-term		
	31 March 2017	31 March 2016	1 April 2015
16B. Provisions			
Gratuity	112.46	131.98	135.87
Accrued Leave Liability	7.1	16.28	15.84
Others	890.2	427.58	427.58
	1,009.74	575.84	579.29
	17. Trade payables		
	31 March 2017	31 March 2016	1 April 2015
Due to micro, small and medium enterprises	-	-	-
Due to others	817.29	1,325.48	1,237.51
	817.29	1,325.48	1,237.51
	18. Other financial liabilities		
	31 March 2017	31 March 2016	1 April 2015
Security deposits	232.77	156.45	134.49
Capital creditors	204.52	204.52	-
Expenses payable	1,173.25	539.65	-
Other payables	22.95	677.56	1,558.83
	1,633.50	1,578.18	1,693.32
	19. Other current liabilities		
	31 March 2017	31 March 2016	1 April 2015
Income received in advance	213.73	156.66	390.66
Statutory dues	16.14	46.60	-
	229.87	203.26	390.66



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

	31 March 2017	31 March 2016
20. Revenue from operations		
Operating revenue		
Sale of Products	14,162.94	13,065.59
	14,162.94	13,065.59
Other operating revenue		
Other operating income	14.59	15.17
	14.59	15.17
	14,177.53	13,080.76
21. Other income		
Interest from		
Bank deposits	474.83	468.04
	474.83	468.04
22. Changes in inventories of Finished Goods, Work in Progress and Stock-in-Trade		
Opening Stock		
Work-in-Progress	332.92	150.98
Finished Goods	693.13	859.22
	1,026.05	1,010.20
Closing Stock		
Work-in-Progress	600.98	332.92
Finished Goods	754.02	693.13
	1,355.00	1,026.05
	(328.95)	(15.85)
23. Employee benefit expense		
Salaries, wages and bonus	1,153.40	1,003.98
Contribution to provident and other funds	88.56	93.03
Travel Concession	50.45	11.89
Gratuity	122.74	89.04
Staff welfare	179.74	161.93
	1,594.89	1,359.87



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

	31 March 2017	31 March 2016
24. Finance costs		
Interest expenses	0.21	0.17
	0.21	0.17
25. Depreciation and amortisation		
Depreciation on		
Property, plant and equipment	167.01	206.59
	167.01	206.59
26. Other expenses		
Consumption of Stores & Spares Parts	621.96	592.02
Power and fuel	1,606.01	1,464.79
Repairs & Maintenance		
Buildings	44.38	5.08
Plant & Machinery	39.88	2.46
Others	22.38	12.79
Freight outward	459.45	444.98
Handling expenses (Raw Materials)	455.10	714.60
Royalty and cess	37.18	84.50
Insurance	3.06	6.21
Law charges	3.54	10.84
Printing & stationery	8.04	4.25
Rates & Taxes	17.86	8.77
Rent	4.87	4.94
Security expenses	193.80	145.51
Travelling expenses	17.61	19.72
Training expenses	24.48	19.12
Remuneration to Auditors		
- Audit fees	2.44	2.08
Provisions		
- Stores , Spares and Sundries	12.10	28.62
Handling expenses - Finished goods	329.88	534.68
Heat guarantee expenses	173.37	491.96
Loss on Sale / Impairment Assets	251.15	-
Miscellaneous	734.40	611.46
Corporate social responsibility	57.00	47.83
	5,130.56	5,266.86



SAIL Refractory Company Limited

Notes to the Financial Statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

	31 March 2017	31 March 2016
27. Tax expense		
Current tax	1,214.76	910.67
Deferred tax	(51.49)	205.80
(Excess)/Short provision of income tax for earlier years	-	148.78
	1,163.27	1,265.25

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.608% and the reported tax expense in profit or loss are as follows

	31 March 2017	31 March 2016
Accounting profit before income tax	3,264.63	2,854.24
At country's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	34.608%	34.608%
Tax Expense	1,129.82	987.80
Adjustments in respect of current income tax of prior periods	-	148.78
Non-deductible/deductible expenses for tax purposes	(120.44)	(19.86)
Deferred tax recognised in current year		26.21
Others	154.14	122.33
	1,163.52	1,265.26

28. Earnings per equity share

The Company's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

	31 March 2017	31 March 2016
Net profit attributable to equity shareholders		
Profit after tax	2,101.36	1,588.99
Profit attributable to equity holders of the parent adjusted for the effect of dilution	2,101.36	1,588.99

Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic EPS	50,000.00	50,000.00
Basic/Diluted earnings per share (₹)	4,202.72	3,177.98



29 Financial risk management

i) Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

Particulars	31 March 2017		31 March 2016		1 April 2015	
	FVTPL	Amortised cost*	FVTPL	Amortised cost*	FVTPL	Amortised cost*
Financial assets						
Trade receivables	-	2,196.33	-	4,035.34	-	2,136.64
Loans	-	1,126.19	-	109.37	-	123.05
Claims receivable	-	32.84	-	70.25	-	35.99
	-	1,962.22	-	1,266.14	-	1,683.45
Cash and equivalents	-	7,002.99	-	3,482.63	-	4,792.76
Other bank balances	-		-		-	
Total	-	12,321	-	8,963.73	-	8,771.89
Financial liabilities						
Trade payable	-	817.29	-	1,325.48	-	1,237.51
Security deposit	-	232.77	-	156.45	-	134.49
Other financial liabilities	-	22.95	-	677.56	-	1,558.83
Total	-	1,073.01	-	2,159.49	-	2,930.83

*All financial assets/liabilities stated above are measured at amortised cost and their respective carrying values are not considered to be materially different from their fair values.

ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in	Cash flow forecasting	Forward contract/hedging
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Cross currency fix rate swaps
Market risk - security price	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.



A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The company's maximum exposure to credit risk is limited to the carrying amount of following types financial assets.

- A: Secured
B: Unsecured
C: Partly Secured
D: Doubtful

The company continuously monitors defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

a) Credit risk management

Cash and cash equivalent

Credit risk related to cash and cash equivalents is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Derivative financial instruments

Credit risk related to derivative financial instruments is also managed by only entering into such arrangement with highly rated banks or financial institutions as counterparties. The company diversifies its holdings with multiple counterparties.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors and only sells goods to credit-worthy parties. The company's internal systems are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

Company provides expected credit losses based on the following

Loans advances and other than trade receivables

Company provides for expected credit losses on "loans advances and other than trade receivables" by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the company provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk.

Trade receivables

The company recognizes lifetime expected credit losses on trade receivables using a simplified approach and uses historical information to arrive at loss percentage relevant to each category of trade receivables:

Ageing	0-3 months old	3-12 months old	12-24 months old	24-36 months old	more than 36 months old	Total
As at 31 March 2017						
Gross carrying amount	1,516.52	524.33	195.54	13.21	488.15	2,737.75
Expected loss rate	0.00%	0.00%	20.48%	100.00%	100.00%	
Expected credit loss provision	-	-	40.05	13.21	488.15	541.41
Carrying amount of trade receivables	1,516.52	524.33	155.49	-	-	2,196.34

Ageing	0-3 months old	3-12 months old	12-24 months old	24-36 months old	more than 36 months old	Total
As at 31 March 2016						
Gross carrying amount	2,393.39	1,554.43	136.18	22.40	470.35	4,576.74
Expected loss rate	0.00%	1.64%	17.05%	100.00%	100.00%	
Expected credit loss provision	-	25.45	23.21	22.40	470.35	541.41
Carrying amount of trade receivables	2,393.39	1,528.98	112.96	-	-	4,035.33

Ageing	0-3 months old	3-12 months old	12-24 months old	24-36 months old	more than 36 months old	Total
As at 1 April 2015						
Gross carrying amount	1,670.83	513.50	30.58	35.60	440.81	2,691.32
Expected loss rate	0.00%	10.83%	74.06%	100.00%	100.00%	
Expected credit loss provision	-	55.62	22.65	35.60	440.81	554.68
Carrying amount of trade receivables	1,670.83	457.88	7.93	-	-	2,136.65

Reconciliation of Expected credit loss provision

Particulars	Unlisted equity securities
As at 1st April 2015	554.68
Changes in provision	13.26
As at 31st March 2016	541.41
Changes in provision	0.00
As at 31st March 2017	541.41



B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity companying based on their contractual maturities for all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 March 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Trade payable	510.93	31.06	13.30	262.01	817.29
Security deposits	143.00	24.02	21.64	44.11	232.77
Other payables	690.10			710.62	1,400.72
Total	1,344.02	55.08	34.93	1,016.74	2,450.78

31 March 2016	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Trade payable	1,009.49	43.54	32.28	240.16	1,325.48
Security deposits	75.14	27.59	13.74	39.98	156.45
Other payables	610.80			710.62	1,321.42
Total	1,695.44	71.13	46.02	990.76	2,803.35

1 April 2015	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Trade payable	928.26	69.69	1.06	238.50	1,237.51
Security deposits	66.53	19.24	12.48	36.24	134.49
Other payables	848.21			710.62	1,558.83
Total	1,843.00	88.93	13.54	985.36	2,930.84

30 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	31 March 2017	31 March 2016	1 April 2015
Net debts	-	-	-
Total equity	11,675.89	10,200.17	9,148.29
Net debt to equity ratio	0%	0%	0%

Dividends

Particulars	31 March 2017	31 March 2016
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹ 633.61 lakhs (31 March 2016 - ₹ 464 lakhs) per fully paid share (Net of Dividend distribution tax)	464.00	480.00
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 631 lakhs (31 March 2016 ₹ 464 lakhs) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	631.00	464.00



SAIL Refractory Company Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts in ₹ lacs, unless otherwise stated)

31 Accounting for employee benefits

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ (Previous year: ₹) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ (Previous year: ₹).

Defined benefit plans

Post employment benefit plans

A. Gratuity

The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive fifteen days salary for each year of completed service at the time of retirement/exit. The scheme is funded with Life Insurance Corporation of India

The reconciliation of the Company's defined benefit obligations (DBO) in respect of gratuity to the amounts presented in the balance sheet is presented below:

Particulars	31 March 2017	31 March 2016	1 April 2015
Defined benefit obligation	1,043.23	864.04	912.88
Net defined benefit obligation	1,043.23	864.04	912.88
Classified as:			
Non-current	930.77	732.05	800.46
Current	112.46	131.98	112.42

(i) The movement of the Company's defined benefit obligations in respect of gratuity plans from beginning to end of reporting period is as follows:

Particulars	31 March 2017	31 March 2016
Opening value of defined benefit obligation	864.04	912.88
Add: Current service cost	46.69	31.04
Add: Current interest cost	61.28	69.78
Add: Actuarial (gain)/loss due to -		
- changes in demographic assumptions		
- changes in experience adjustment	74.74	(71.10)
- changes in financial assumptions	34.09	-
Less: Benefits paid	(37.61)	(78.56)
Closing value of defined benefit obligation	1,043.23	864.04
Thereof-		
Unfunded	1,043.23	864.04
Funded		-



(ii) The defined benefit obligation in respect of gratuity plans was determined using the following actuarial assumptions:

	31 March 2017	31 March 2016	1 April 2015
Discount rate (per annum)	7.25%	8.00%	8.00%
Salary Escalation			
- For executives	6.25%	7.00%	7.00%
- For non-executives	6.25%	6.00%	6.00%
Mortality rate	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate	LIC(1994-96) Ultimate
Retirement Age - Executives	58 Years	58 years	58 years
Retirement Age - Non Executives	60 Years	58 years	58 years

(iii) The reconciliation of the plan assets held for the Company's defined benefit plan from beginning to end of reporting period is presented below:

	31 March 2017	31 March 2016
Opening balance of fair value of plan assets	558.76	311.70
Add: Contribution by employer	250.00	300.00
Add: Actuarial gain/(losses)	6.09	(8.17)
Add: Interest income	40.51	33.79
Less: Benefits paid	(37.61)	(78.56)
Closing balance of fair value of plan assets	817.75	558.76

(iv) Expense related to the Company's defined benefit plans in respect of gratuity plan is as follows:

	31 March 2017	31 March 2016
Current service cost	46.69	31.04
Interest expense	20.77	35.98
Expenses deducted from the fund	(37.61)	78.56
Actuarial (gain)/loss	102.74	(62.93)
Total expense recognized in the statement of comprehensive income	132.60	82.65

(v) Sensitivity Analysis

The significant actuarial assumption for the determination of defined benefit obligation in respect of gratuity plans is the discount rate. The calculation of the net defined benefit obligation is sensitive to this assumption. The following table summarises the effects of changes in this actuarial assumption on the defined benefit obligation:

Particulars	31 March 2017	
	Increase	Decrease
Changes in discount rate	0.5%	0.5%
Defined benefit obligation after change	1,019.97	1,067.43
Original defined benefit obligation	1,043.23	1,043.23
Increase/(decrease) in defined benefit obligation	(23.26)	24.20
Changes in salary growth rate	0.01	0.01
Defined benefit obligation after change	1,064.62	1,022.47
Original defined benefit obligation	1,043.23	1,043.23
Original defined benefit obligation	21.39	(20.76)
Changes in withdrawal rate (W.R)	0.01	0.01
Defined benefit obligation after change	1,043.67	1,042.81
Original defined benefit obligation	1,043.23	1,043.23
Increase/(decrease) in defined benefit obligation	0.44	(0.42)



SAIL Refractory Company Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

32 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note xx have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

B Ind AS mandatory exemptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial instruments will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to apply retrospectively the effective interest rate method requirements then, fair value of financial assets at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- i) The effects of the retrospective application or retrospective restatement are not determinable;
- ii) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;
- iii) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.



SAIL Refractory Company Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in ₹ lacs, unless otherwise stated)

C Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

	Notes to first time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		9,449.78	8,462.90
Adjustments:			
Reversal of proposed dividend and Tax on dividend	Note - 1	558.46	578.26
Asset retirement obligation	Note - 2	6.97	6.37
Expected credit loss	Note - 3		(89.00)
Tax Impact	Note - 4	184.96	189.76
Total adjustments		750.39	685.39
Total equity as per Ind AS		10,200.17	9,148.29

2 Reconciliation of total comprehensive income for the year ended 31 March 2016

	Notes to first time adoption	31 March 2016
Profit after tax as per previous GAAP		1,545.34
Adjustments:		
Asset retirement obligation	Note - 2	0.60
Reversal of ECL and tax thereon	Note - 3	89.00
Tax impact	Note - 4	(4.80)
Total adjustments		84.80
Total comprehensive income for the year ended 31 March 2016		1,630.14

3 Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016

	Notes	IGAAP	Adjustments	Ind AS
Net cash flow from operating activities		(1,491.56)	(112.17)	(1,603.73)
Net cash flow from investing activities		455.21	1,309.67	1,764.88
Net cash flow from financing activities		(626.09)	47.66	(578.43)
Net increase in cash and cash equivalents		(1,662.44)	1,245.13	(417.31)
Cash and cash equivalents as at 1 April 2015		6,279.41	(4,595.96)	1,683.45
Cash and cash equivalents as at 31 March 2016		4,616.97	(3,350.83)	1,266.14

33 Note - 1

Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 464 lakhs as at 31 March 2016 (31 March 2015 – ₹ 480 lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings.



Note - 2**Asset Retirement Obligation**

An Asset Retirement obligation (ARO) is a legal obligation associated with retirement of a tangible long-lived asset. ARO accounting is particularly significant for remediation work needed to restore a property. Company must recognize the ARO liability in the period in which it is incurred, such as at the time of acquisition or construction. The liability equals the expected cost of retirement/remediation. An asset equal to the initial liability is added to the balance sheet, and depreciated over the life of the asset. The result is an increase in both assets and liabilities, while the total expected cost is realised over time, with the accrual steadily increasing on a compounded basis. Accordingly, an ARO has been made by discounting the future liability of provision made in this regard.

Note - 3**Expected credit losses**

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by zero as at 31 March 2016 (1st April 2015 – 89 lakhs).

Note - 4**iv) Tax Impact**

Retained earnings has increased by ₹ 32.33 lakhs as at 31 March 2016 (1 April 2015- ₹ 28.60 lakhs) has been adjusted consequent to the above Ind AS transition adjustments with corresponding impact to deferred tax.

v) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of Post-employment defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

34 Corporate Social Responsibility Expenditure

An amount of ₹ 57 lakhs has been booked towards CSR expenses. CSR expenses were spent towards social activities in rural areas such as conducting Medical Camps, Skill development for empowering women, providing sanitation facilities in Schools etc.

Details of CSR Expenditure during 2016-17					
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs undertaken	Amount Spent	Implementing agency
				₹ lakhs	
1	Medical camps at rural areas and medical facilities	Health Care	Local	7.53	Sri Ramakrishna mission Ashram Salem
2	Skill development and empowering women	Women Empowerment	T.N.Salem district	5.45	Sona college Salem and other institutions.
3	Tamil Nadu Chief Ministers' Relief Fund		Tamilnadu	1.60	District Authorities
4	Drinking water facilities	Drinking water facilities	T.N.Salem district	2.85	PWD
5	Swach Bharat / Sanitation Activities	Sanitation	T.N.Salem district	39.57	Direct
				57.00	

35 The company had contingent liabilities pending appellate/judicial decision in respect of :

Particulars	As at 31st March 2017	As at 31st March 2016
Excise duty related matters	120.67	514.51
Sales Tax related matters	768.33	768.33
Total	889.00	1282.84

36 Related party transaction

Out of the total sales of ₹ 14162.94 lakhs, sales to SAIL Plants / Units, the holding company of the SRCL amounts to ₹ 11067.48 lakhs during 2016-17. The total procurement from SAIL units during 2016-17 is ₹ 149.59 lakhs

